

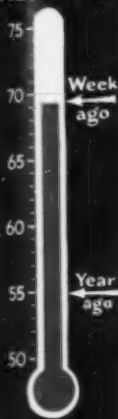
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# BUSINESS WEEK

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U.S. 1933

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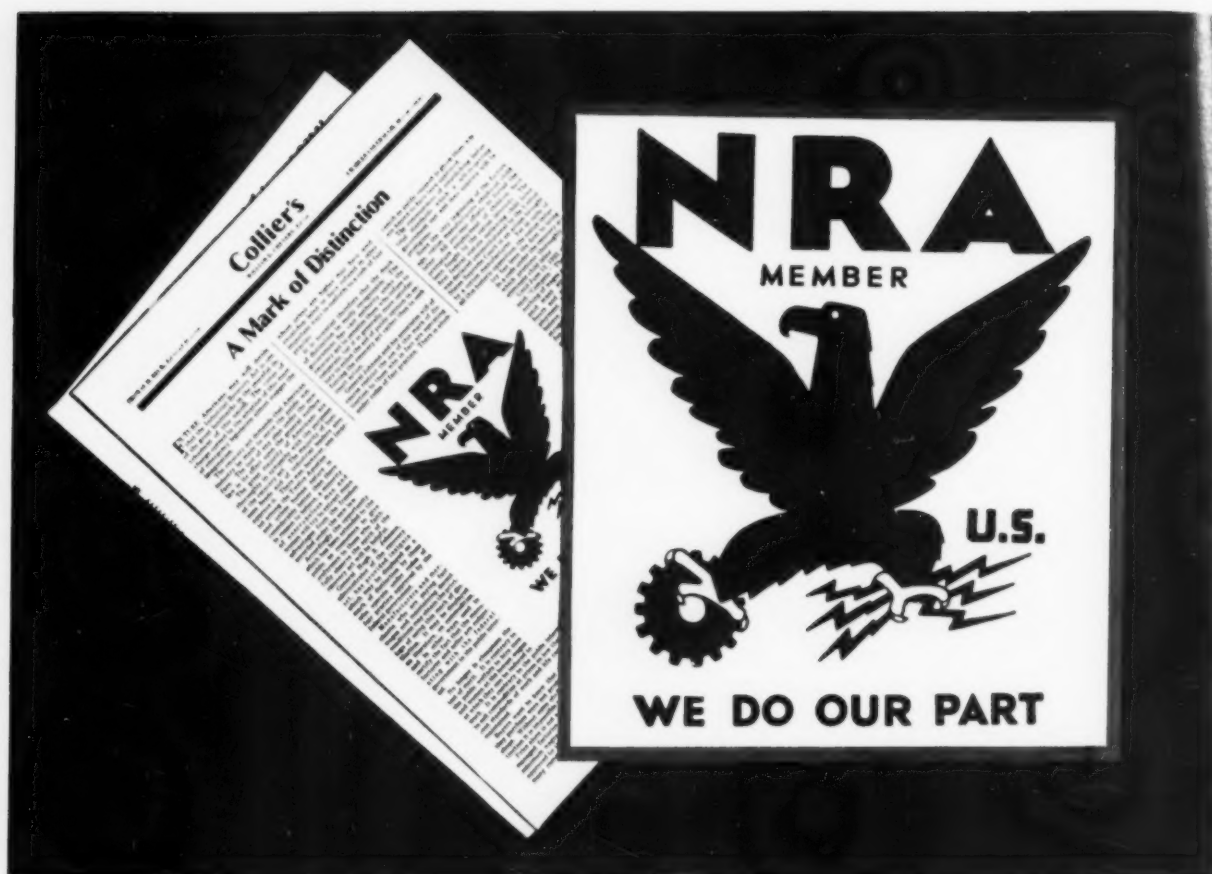


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JOINING UP — Business enlists in the "National Recovery Army" with all the war-time pageantry.

Wide World



## A PUBLICATION *that* SELLS IDEAS *is best qualified to* SELL MERCHANDISE

New ideas are revising our national life at breath-taking speed and on an un-dreamed scale.

The vistas of change opened by the National Recovery Act alone almost stagger the imagination.

The elimination of child labor, of the sweatshop and of unfair competition are with us in fact—ideas which have been in the making for years but have moved to swift and unexpected fulfillment in a few short months.

Every issue of Collier's sells ideas—the ideas of today and tomorrow. Writing of the minimum wage law recently

passed in Connecticut, State Labor Commissioner Joseph M. Tone says, "No small part of the credit for the enactment of this law must go to Collier's Magazine . . . Your graphic portrayal of the situation helped in large measure to pass the bill, which will eventually mean the end of the sweatshop in Connecticut."

Now we are at the threshold of a new idea in national buying. The identification and selection of merchandise manufactured under the fair practice codes of the National Recovery Act.

Collier's in an editorial in the August 19th issue joins in showing the public

how it may give preference to those manufacturers and merchants who are operating under the codes of fair practice approved by the federal government. And how the insignia of the National Recovery Act is "a mark of distinction" identifying merchandise as having been manufactured under proper conditions of hours, wages, prices and competition.

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# Collier's - *FOR ACTION!*

THE CROWELL PUBLISHING COMPANY NEW YORK

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# This Business Week

SCOUTS for Wall street are so desperately eager to get some inkling of whether, or when, the President will begin to exercise his powers to inflate that they seize upon every clue. The latest is General Johnson's "Buy Things" speech. That is magnified to be regarded as a plain tip that inflation is "just around the corner."

The plain truth is that nobody knows, and therefore nobody can tell. Roosevelt's objective is very clear. He is determined that prices shall rise. It therefore may be taken for granted that they will.

How that is accomplished is of only academic interest to the average business man. The practical point is that dollars are going to be worth less. The effect will be brought about one way or another.

Meanwhile, there is much talk of the Administration veering away from actual currency inflation. It almost looks like inspired propaganda. It doesn't mean anything.

Roosevelt, beyond any doubt, is interested in the idea of a dollar tied to an index number of commodity prices. He likes that idea, at the moment, better than straight-out devaluation of gold content. Professors Warren and Rogers, summoned to Hyde Park for a conference, advocate a plan that is somewhere between the two methods. What will be done in the end can be nothing but speculation.

A BANGOR citizen who was astute enough a year ago this month to predict that Maine would elect a Democratic governor and some Democratic congressmen now says Maine will go wet, 2 to 1. Furthermore, he bets that if the Recovery program goes well, Maine will re-elect 2 Democratic congressmen next year.

WELL, well! So the R.F.C. isn't hibernating after all! Jesse Jones' announcement that it is ready to invest \$1 billion in the preferred stock of banks shows there is life in the old creature.

Investment in preferred stock, by the way, offers several advantages to the banks over R.F.C. loans. If the R.F.C. makes a loan and takes the bank's best assets for collateral, that doesn't leave the bank's portfolio in such good shape, makes the government a preferred creditor. But when the R.F.C. buys stock, its claim is subordinate to that of depositors.

ANOTHER thing on the mind of the R.F.C. is a proposal to finance the export of bituminous coal. The depreciation of the dollar opens some potential

markets abroad for our coal, notably in Mediterranean countries.

THE naval building program isn't all, or even primarily, public works to stimulate recovery. Nothing official has been said, or will be, but the delegates to the London conference came back big navy men, and soberly, if rather mysteriously, insist that Great Britain and America must not quarrel.

*Business Week's* statistician, vacationing in Sweden, reports that the Gothenburg newspapers explained that the market crash in the United States was due to the fact that President Roosevelt ate too many cherries, became ill, scared the country.

END of the first week the NRA drive really has been under way found 840,000 employers had signed up. The New York office of the Bureau of Foreign and Domestic Commerce, for instance, had put on 27 new employees and was handling 3,000 telephone calls a day.

As General Johnson grimly remarked, "It's not how many sign, but how many comply." Nobody knows just when the

checkout on performance starts, but there will be a checkout.

SWAMPED in the rush at NRA headquarters, the deputies let a few queer things get by—as when the laundry industry, somewhat to its own astonishment, got permission to fly the blue eagle by paying women in the South \$6.30 a week. Just a slip; the permission was withdrawn quickly, and a better system was set up.

GENERAL JOHNSON continues to work "a 30-hour day," and the deputies average 20. But rules is rules in routine departments, and so the Commerce Building shuts down at 5 o'clock, leaving one elevator on the job, and everybody has to sign in and out in a big book. Some autograph hunter will snatch that book, maybe. It has thousands of distinguished autographs from the world of business.

DUE directly to the inspiration of the Brain Trust, the President is setting up a Federal Statistical Board. Some agency to correlate the really astounding statistical information that is developed by the various bureaus and departments. Economists have waited for years that wonderful material was hidden away in departmental files.

## The Business Outlook

Dog days are dull days for business, but this year August brings less lassitude than usual. . . . Steel output is leveling off at 55% of capacity, the highest point in more than two years, with a slight slackening in demand just perceptible to close observers. . . . Despite labor troubles, coal production has achieved a new high level. Settlement of the Pennsylvania strike is a great relief to worried industries dependent on coal. . . . There isn't much encouragement in the building figures, which run 30% under last year's, but this is not so great a disparity as there was in earlier months of 1933, and residential construction actually is a little greater than last year's. . . . Preliminary figures for July indicate an increase of 4% in department store sales over July 1932, and this is the first increase since 1930. For the first seven months sales have run 13% under last year's figures. Reversal of the trend is a cheerful note. . . . Electric power production is a little less than in preceding weeks, but still far greater than last year's. . . . The same remark applies to carloadings. . . . Check payments declined for a week. . . . Business failures increased by a slight number. . . . Commodity prices showed a tendency to weaken. . . . All in all, not an exciting but certainly not a discouraging week. Pretty good for August.



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# BUSINESS WEEK

AUGUST 12, 1933

## Policy, Please

**With smaller questions being cleaned up, NRA faces major problems of policy—on price-fixing, industrial grouping, modernization, self-government—and moves toward decisions vitally important to business.**

WASHINGTON—While General Johnson and his overworked NRA staff struggle in a welter of detail deepened by the piling of a blanket agreement on industry codes and of "sub-blanket" agreements on top of that, certain major questions of policy are beginning to rise to the top of the Washington debate. NIRA has gone into the ninth week of its official existence with matters of procedure settled beyond what seemed possible a few weeks ago but with important fundamentals still up in the air or only partially agreed on.

Unprecedentedly rapid decision on the thousands of inquiries arising out of the PRA (which is Washington-Russian for the President's Reemployment Agreement) has focussed attention on these larger questions. It has also speeded up NRA realization of the importance of clear definitions of policy, if there is to be swift cooperation from industry.

That realization was deepened this week by the public response to the President's decision on the major question of how differences between labor and industry are to be handled to prevent their upsetting the whole recovery

program—as they threatened to do a week ago. The country drew an audible sigh of relief when it read his announcement of the appointment of a national board of mediation, headed by Senator Robert F. Wagner and including industrial and labor leaders, to adjudicate labor disputes.

This policy decision, modifying the government's hands-off attitude in the labor arguments growing out of NIRA, has awakened hopes of early action on others that must be made for the relief of the worried business men who lean wearily against the walls of the long hall at General Johnson's headquarters in the Commerce Building.

Among the large questions affecting all codes is that relating to price-fixing and allotment of production. Every code skirts around these matters or comes out definitely in favor of them. The oil industry has been deadlocked by General Johnson's refusal to approve price-fixing on the terms proposed and the industry's insistence on those terms. The tendency of NRA (as the General has several times stated) is to urge the formation of open-price associations in

which publicity of all contracts and quotations will serve as a balance wheel. In some codes, the "Code Authorities" now being set up on the precedent of the cotton-textile agreement (*BW—Jul 15 '33*), are authorized to arrange for price-fixing and cost accounting—which is the vital matter. However, there has not yet been a clear statement on how far they may go.

Another question important to all industries: Are they to organize and write codes on a horizontal basis or on a vertical basis going down through the distribution chain? The tendency is to favor the horizontal code—for instance, truck delivery systems are being taken up, not as part of manufacturing industry, but as part of the trucking industry. But hundreds of codes that take time to readjust are coming in with vertical arrangements and a clear decision is needed.

### Groupings a Problem

Again, many industries are uncertain as to where they belong and how many of them are to be thrown together in code-making. Do the bolt and nut people belong with hardware or machinery, and how many kinds of machinery of diversified classes and uses are to be thrown together? At the start, there was much talk of the desirability of "a few great broad codes," but divisions of divisions of industries are now up for hearings; fishing tackle, for example. Business feels that it has a right to know also whether it has to join 5 associations if it makes 5 different things—



NRA & CO.—Administrator Johnson and some of his staff line up for their first group picture. Front row (left to right) Dr. William W. Cumberland, W. W. Pickard, Sol A. Rosenblatt, General Johnson, his secretary, Miss Robinson, Edward F. McGrady, Malcolm Muir. Second row: General C. C. Williams, John W. Power, Robert Straus, Edgar B. Kapp, John Hancock. Back row: E. D. Howard, H. N. Slater, Robert Stevens, Capt. C. E. Parsons, Dudley Cates, Robert Lea. Busy as they are, it is almost impossible to get all the deputies together; in fact, seven are missing in this lineup.



# CURTAIN!

**Y**OU are about to see one of the most dramatic advances in the technique of merchandising any of us has witnessed in the past decade. It will occur in the field of packaging.

The package changes of the past few years—opening new markets, revitalizing old products, sweeping new products to prominence—were only the briefest prologue. Now the curtain rises on the play itself.

Much has been learned about package design. Much has been learned about the consumer. The package of the future will win sales not by lavish embellishment (which is costly) but by sheer effectiveness (which can be cheap). It will win sales by being designed for the consumer, rather than

the manufacturer. It will be a highly competitive sales weapon, rather than a production detail.

Have you judged your package by tomorrow's standards—convenience to the consumer, suitability to the product, merchandising power, design? Are you familiar with the packaging opportunities in your field? No group is better qualified to analyze your present package, or to point out opportunity, than the company whose leadership has brought about much that is happening now. One word from you will bring Canco knowledge and experience and vision to you without obligation or cost. Your package may need no change. It may already be equipped for the future. But that, too, is worth finding out.

**AMERICAN CAN COMPANY**  
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# Coal's 27 Codes

**In contrast to earlier hearings, the soft coal operators and miners give no evidence of genuine cooperation or good-will. A long battle is forecast.**

PUBLIC hearings on the 27 varieties of bituminous coal codes started this week. They have lacked the sparkle and signs of good-fellowship that were evident in hearings on some of the other codes. Although coal is closely akin to steel, there was no Robert P. Lamont to speak for all the coal operators and provide dramatic climax in spectacular withdrawal of annoying clauses on open shop and company unions. Instead, labor unions and coal operators were facing each other across a no-man's land of historic or traditional or imagined rights, well dug in and entrenched for an extended and perhaps somewhat bitter campaign. Both sides appeared to be thoroughly conscious of the fact that this was the first time in the entire history of the industry when they, with the government officials, NRA representatives, and the public looking on, could present their case.

## Labor Issues Foremost

The first code to come under fire was the so-called "Eastern" code, presented by operators in certain Northern and Southern fields which supplied 70% of the country's total bituminous production in 1932. Its qualifying clauses, appended to the mandatory labor clauses, both endorsing the "open shop" principle and favoring "company" unions, drew the attack. When attorney for the NRA, remembering the tactics that worked with the steel operators, proposed that those clauses, distinctly objectionable to the labor unions, be withdrawn, the suggestion met stern refusal from the operators.

Suggestions for downward revision of maximum hours and upward boost of minimum pay found the operators similarly set, chiefly on the ground that present volume of business and competitive conditions made further concessions impossible.

## Westerners Stand Pat

Presentation of the Rocky Mountain Pacific code by Utah, Colorado, New Mexico, Montana, Wyoming, and Washington operators brought only a welcome shift in scenery but no change in the stand-pat attitude of either side. Those who had expected some fireworks in connection with the price-fixing provisions of this code were keenly disappointed, because not even a pop-gun went off after they were read. The fact that the Utah operators wanted to guarantee themselves a minimum of \$2.70 per ton in exchange for granting labor the 8-hour day, 48-hour week and a

varying but increased scale of pay, was duly noted, but raised no protest.

Three other codes from smaller fields, also presented during the first day's hearings, aroused no greater fighting spirit on either side but instead evoked more or less identical procedures. That is, the objections were stated by the one side and resistance registered by the other. When adjournment came, it had become pretty well established that leaders on both sides had considered the day's proceedings much in the way of a curtain-raiser to the big push that was to come with presentation of the union operators' code.

Administration officials, operators, and labor representatives alike showed little enthusiasm over the proposal of a Maryland operator that a temporary fuel administrator be appointed with powers to prohibit increased use of productive equipment, restrict production, and put each field on a quota basis. Operators again registered their demand that any code adopted be administered by "representatives of our own choosing," with whom they could deal on equal footing.

## Unions Count on Dissension

Observers pointed out that labor leaders had made frequent reference to "our" code, indicating that a strong movement was under way to have workers in all the different fields reject the provisions of their respective regional codes and insist on substitution of the "union" code. They also suggested that labor leaders may have developed a coordinated campaign in which their own various units would each play their particular parts at a pre-determined time, so as to gain them the greatest possible advantage from the fact that the operators are divided into 26 different groups, and are not likely to stick together during the long battle.

Much interest was manifested in the newly-proposed method of electing check-weighers which provides that notices of elections are to be posted 2 days in advance; that elections are to be held at the entrance to the mine, at the end of the day; that any person contributing to their maintenance can vote; that secret ballots are to be used; that voting is to continue until some candidate gets a majority of the votes.

Presentation of the "union" code was considered as the signal for both sides to bring into play all the heavy ammunition that they could muster. Those familiar with its provisions agree with

operators that maintenance of the 32-hour week and a minimum wage of \$4 a day for "outside" workers, \$4.75 and \$5.00 for "inside" workers, would spell complete ruin for the entire industry in that it would widen the gap between the cost of coal and competitive fuels to a point where coal would rapidly lose out in many of its important markets. They cited the facts that already coal has lost the bulk of the bunker coal business because ships use oil for greater economy and increased steaming radius, that for home heating oil is making rapid strides in replacing coal.

While there are many who expected that the coal hearings would see some emphatic condemnations of the government's action in connection with recent strikes in Pennsylvania, it appeared that union leaders did not propose to prejudice their case by raising that issue. With only a few of the 27 codes presented, hearings are expected to extend well into the next week, and before they are finished, they are expected to sustain General Johnson in his recently expressed opinion that they would turn out to be "the pineapple of them all."

## Codes, Blankets

**NIRA piles up recruits. Industry watches code developments.**

WITH new codes flowing into NRA headquarters in ever-increasing volume the machinery for pushing them through the works is being speeded up, refined, simplified, while conference-born revisions or alterations of codes already on file, and changes or amendments of others after public hearings, are being eagerly studied by industries now engaged in code-building.

Filing of a code for the electrical utilities drafted by a committee of the Edison Electric Institute has raised the spectre of states rights. Consolidated Gas, Electric Light & Power Co. of Baltimore, Hartford Electric Light Co., Connecticut Power Co., and Stamford Gas & Electric Co. promptly resigned from the Institute on the plea that, being subject to state regulation, they could not join other classes of industry in signing federal codes. Newspapers quoted the chairman of the State Public Utilities Commission of Connecticut on the theoretical possibility of conflict between NRA and state authorities. But the electrical industry suspects that the dissenting companies were less swayed by prospective differences with their state authorities than by actual differences with the Edison Institute.

Those who hailed the Cotton Textile code (No. 1 of those approved) as a model of simplicity have changed their opinion as amendments have been added. The latest is aimed at control



or what? A comprehensive analysis of industrial structure that will officially answer inquiries like these is needed.

Also unsettled, the large question of plant modernization. In the cotton-textile hearing General Johnson was understood to say that modernization must be held off while people were being put back to work, but he has switched from that line of thought since then. The value of modernization, the sweep of obsolescence, and the fact that this is primarily a capital goods depression have been borne in on NRA, but no ruling has been made. And, meanwhile, one company has actually written in to ask whether it must abandon completion of its new power plant to "help end the depression."

#### How Much Self-Rule?

Another statement of policy that would be of immense value to industry would define the bounds of this industrial self-government which NIRA offers. There is talk of "constitutions for industry" and when some of the constitutions come in—but often not until then—industries find that their pet clauses are not acceptable for fairly clear reasons. Industry thinks these reasons could be formulated, codified, announced.

Furthermore, industry has, in many cases, missed the point that, in addition to raising wages, cutting hours, and taking a few pleasant steps away from the anti-trust law in the direction of fair practice agreements, it is to begin cleaning out its Augean stables. Many of those who do understand this seem to think that the NRA is the Hercules for the job. Deputy-Administrator Malcolm Muir told the New York Advertising Club that industries are coming in to Washington with codes that turn over every vestige of control to the government, and other deputies have a similar impression. It is becoming clearer now that the new "Code Authorities" are to get the job of "industrial self-government," but the phrase needs clarification.

#### Watch "Code Authority"

The "Code Authority," incidentally, is a cog in the NIRA machine whose importance is just beginning to be realized. First of such units was the "Planning and Supervisory Committee" set up in the cotton-textile code, the newer name being that applied by Deputy Earl D. Howard to his committee of 3 in the coat and suit industry. They are to be standardized. Every code, past and future, will set up such organizations, including representatives of the industry, labor, and NRA, to have control of policies, practices, and intra-industrial relations under the final authority of NRA, which must approve all rulings. One important job will be the handling of code violations. Only if the Code Authority fails to settle

them will such violations go to Washington. In that case, offenders will be heard by the Code Authority and the Deputy Administrator at the Capital. If conciliation fails there, charges will be turned over to the Federal Trade Commission which will prepare the case—again with the help of the Code Authority—and place it in the hands of the Department of Justice. Thence it will go to the District Attorney of the district where the offense occurred. Policy has become definite on this point.

General Johnson held at the birth of NIRA that policies would develop out of hearings. Much has developed but it has been laid down that decisions on one code are not to be taken as precedents for the guidance of all code-makers. The fact that industry has taken such decisions as precedents has added to the confusion. Washington thinks that this confusion will not last much longer, points out that the big questions are now clearly defined, confidently expects early answers.

## Uncle Sam's Move

#### Firms with government contracts get promise of adjustment.

WORRIED manufacturers of everything from building stone to pencils who have contracts with the United States government for future supplies learned this week that President Roosevelt

would do everything in his power to get the federal authorities to lead the procession in adjusting these contracts to the new costs which will follow the NRA and AAA drives on the depression. Since the President's reemployment agreement requires signers to make such adjustments with their own suppliers, critics have been looking pointedly at Washington.

General Johnson stated last week that governmental adjustments would have to await Congressional action to amend the law and provide the money. This week Mr. Roosevelt stepped into the argument with a promise of "whatever adjustments can be made under present law" and whatever recompense he can persuade Congress to provide next January for suppliers who have cooperated wholeheartedly with NIRA and have been caught with increased costs in the legal jam on government contracts. He will definitely recommend such recompense to be made at executive discretion. Those who bid for government contracts noted the condition and began looking for Blue Eagles.

In the same statement, the President urged the governors of the various states and the executives of county and municipal units to take similar action. His suggestion brought a dour handout from the Conference of Mayors and the American Municipal Association to the effect that the cities would advance prices on contracts if Uncle Sam would furnish the cash.



**BURNING QUESTIONS**—John L. Lewis, president of United Mine Workers, Leo Wolman, chairman of the NRA Labor Advisory Board, and Governor Pinchot of Pennsylvania (left to right) talk over coal wages and strikes.

to justify those conclusions; instead, evidence begins to appear that those price-fixing enthusiasts may find themselves permanently stalemated. Both NRA and AAA have shown little inclination to rule on the price-fixing question. Mr. Peck's headquarters considers the price-boosting processing tax an obstacle. General Johnson's has, so far, dodged the demands of certain groups of the oil industry for price-control provisions, has given some indication of eventually "passing the buck," letting the President decide whether or not price-fixing in any form on any product is to be an integral part of the "New Deal" program.

#### "Loss Leaders"

Similarly, no ruling has been obtainable on the subject of overhead as an element of cost and that has stymied some of the code-builders who are anxious to stop loss-leader selling by department and chain stores by means of code clauses prohibiting all selling at less than cost.

First move toward better coordination among the food groups was the drafting of a "Master Code of Fair Competition" by a committee composed of representatives of the 7 most important organizations in the industry—The Associated Grocery Manufacturers of America, the American-National Wholesale Grocers Association, the National Food Brokers Association, the National Retail Grocers Association, the Retailer-Owned Wholesale Grocers As-

sociation, the National Chain Store Association, the Voluntary Group Institute.

The document produced by that committee might be classified as a code of ethics for business in the ideal state because observance of all its provisions would result in a food industry Utopia. It condemns as unfair competition all the evil practices, free deals, secret rebates, fake invoices, split commissions, advertising allowances, free goods, combinations, prizes, premiums, bribery, and consignment selling plans that have ever ridden the industry. It demands that wholesalers shall not sell goods at less than delivered cost plus  $3\frac{1}{2}\%$ , and requires retailers to take a mark-up of at least  $8\frac{1}{2}\%$ , while manufacturers are not to sell products at less than production cost plus a reasonable distribution charge. The question of a uniform cash discount and standard policies of its application was left open, the code merely providing that no one is to take a cash discount unless it is earned within the limits of the terms.

#### Steering Committee Named

With the view of obtaining the widest possible acceptance of the basic principles expounded in the master code, the industry has set up The Food Industries Advisory Board, a committee of 29 men prominent in all the important subdivisions of its producing and distributing branches. Paul S. Willis, vice-president of the Comet Rice Co. and for the last 2 years honorary president

of the Associated Grocery Manufacturers of America, has been drafted for a period of 2 years to devote all his time to a concentrated drive for the establishment of better trade practices throughout the industry.

Meanwhile, some of the large groups did not wait for the publication of the master code, to produce codes of their own. The wholesalers, retailers, brokers, the coffee industry, several groups of canners have submitted codes, while approximately 300 other groups of manufacturers, processors, canners, regional associations of retailers and wholesalers are working on fair practice codes.

#### Chains Fool the Prophets

Publication of the code adopted by the food chains has stirred general interest almost as much as any single thing that has happened since the industry took cover under AAA. Those who predicted that the chains would not commit themselves to any code are left practically without an alibi, since the chain code is a full-grown specimen and covers not only the mandatory provisions, labor wages and hours, but includes a definite commitment on the industry's most perplexing problem—below-cost or loss-leader selling. The chains declare unequivocally as unfair trade practice "the offering for sale of any merchandise at prices less than the prevailing market, f.o.b. point distribution, plus 10%." They leave no loophole for misinterpretations, but specify that "market" price shall be that prevailing 7 days prior to day of sale. While that clause leaves little to be desired by those who have constantly cited loss-leader selling as the worst of the chain-store practices, and most detrimental to independent competition, others who believe that the menace of the chains in the future will come less from their selling, more from their buying practices, have been scanning some of the manufacturers' codes for signs of favoritism of big buyers, and claim to have found it.

They point out, for instance, that in the peach canners' code price schedules are so arranged that only the largest buyers—which means chains or voluntary groups—will be able to get the lowest prices, leaving the large independent grocer and ordinary wholesalers at a distinct disadvantage. They propose that carload purchases should bring the best obtainable wholesale price.

#### A. & P. Under Blanket

Pending hearings and final action on the chain code the Great Atlantic & Pacific Tea Co., largest food chain in the world (15,700 stores), has subscribed to the President's blanket code, will observe its provisions throughout its organization, expects that this will mean eventually an increase of 50% over its present force of 90,000 workers.



Keystone

**JOHNSON JOKE**—Whatever the General said at the press conference, Mr. Wallace Thompson, whose face shows darkly on the extreme right, doesn't think it so funny. He is *Business Week's* special representative at NRA headquarters.

of the speeding-up of work, the so-called "stretch-out" system, provides for a National Industrial Relations Board and for state industrial boards, each of 3 members, to police and adjust labor disputes.

In the coat and suit industry labor leaders are celebrating. They feel that in the revised code (effective August 7) which came out of the Administration's shuffling of the separate codes submitted by employers and labor and an endless succession of conferences (*BW*—Jul 29'33) they won most of the points—limitation of contractors and responsibility of jobbers for wages and hours maintained by sub-contractors among them. Through their representatives on the newly created Coat and Suit Code Authority they will be in a position to see that code provisions are actually fulfilled.

#### Boot and Shoe War

The boot and shoe industry is staging a miniature civil war. The big Eastern manufacturers are lined up behind the code submitted by the National Boot and Shoe Manufacturers' Association. Smaller ones with concerns in the Middle West and the South have rallied around the banner of the recently organized American Shoe Manufacturers' Association.

However, NRA's Deputy Administrator C. C. Williams has squelched the ambitions of each group for a separate code and efforts are being made to settle controversial points, mostly on the question of wages and hours, with prospects of the industry taking temporary refuge under the President's blanket agreement until all factions can be brought into a single code.

Steel manufacturers are counting the

scars received at the recent hearings of the code submitted for the industry by the American Iron and Steel Institute. They estimate that if their code is approved as submitted upward of 100,000 men will find employment. United States Steel Corp., with 139,000 workers in 1929, approximately 115,000 on the rolls, figures that it will have to employ 50,000 additional men to meet present production schedules under the changed conditions. On the same basis Bethlehem Steel would take 24,000 more men, Republic Steel would add 28,000 to its forces.

#### Individual Plants Sign Up

Many large manufacturers in various lines of industry are giving further momentum to the recovery program by joining up under the President's blanket code while their respective groups are formulating their own codes. Among the big signers are Socony Vacuum Oil Co., General Foods Corp., Stewart-Warner Corp., Container Corp., Texas Company, Metropolitan Life Insurance Co., Ruberoid Co., Western-Union Telegraph Co., Loose-Wiles Biscuit Co.

Retailers are fast getting under their own blanket code. They are keenly interested in the fate of the codes recently presented by the National Association of Tobacco Distributors and the Retail Tobacco Dealers of America, both containing very specific and far-reaching provisions on price-fixing and minimum profits. If these provisions survive the forthcoming public hearings and the scrutiny of the Administration, it is expected that other groups of wholesalers and retailers will try to establish themselves on a firm profit basis through similar provisions for fixed margins on specific lines.



*International News*  
**NEW DEPUTY**—Robert W. Lea, of Chicago, who has been assigned to handle codes for automobile and allied industries. He is an old business associate of General Johnson's.

the purpose of building a code-fence around its privileges, some of them however, leaving loopholes here and there for occasional raiding expeditions into neighboring territory.

The underlying objective of the industry's quest for AAA control, has since then stood out as the issue of widest controversy. Price-fixing long has been considered indispensable to the achievement of prosperity in the food industry. Many manufacturers, most of the wholesalers, all the independent retailers have felt that if price-fixing were permitted under the law they all could make money and incidentally pull the claws of the chain stores. The food industry has been one of the staunchest supporters of the various Capper-Kelly price-fixing bills.

When the recovery and the farm relief acts were put on the statute books, proponents of price-fixing saw an opportunity to clinch their case by forcing the industry under the wing of the AAA. They argued that the basic ingredients of most food products come from the farm, that "the farmers always get what they go after," that the industry would only have to show that price-fixing would benefit the farmer and governmental approval would be sure to follow. So far, nothing has happened

## Food Code Jungle

**There are so many trees in the food industry that it's hard to see the woods, but leaders say they are at last making headway on a unified code.**

LEADERS of the food industry are at last beginning to get their widely diversified groups together on the long-awaited code of fair practice for the whole industry. The news will be warmly welcomed by Washington, which has been anxiously watching developments in what has turned out to be one of the most difficult efforts at coordination called for under the recovery program. Complex problems of precedent, policy, and tradition have combined to retard progress. Every important trade group has been on the defensive against encroachments on its mythical rights of eminent domain, so that agreements on controversial points have been held up

by extended and often heated argument. Only one question, arising early in the NIRA era, found the entire industry, from biggest manufacturer to smallest retailer, in complete agreement; they all wanted the food industry placed under the jurisdiction of the Agricultural Adjustment Act. Through the united efforts of the leaders of every important branch of the industry, that coup was successfully executed except that determination and administration of provisions relating to hours of labor, rates of pay, and other conditions of employment were left under NRA control (*BW*—Jul 8'33). After that, each group evidently went into separate session for



Boots & Shoes, Men's & Women's (Williams)  
 Boots & Shoes, Men's (Williams)  
 Boots & Shoes, Women's & Children's (Williams)  
 Brief Cases, Traveling Bags, Luggage (Williams)  
 Chamois & Sponges (Reserve)  
 Embosser of Leather (Williams)  
 Findings (Leather & Shoe) (Williams)  
 Furs (dressed) (Williams)  
 Fur Garments (Howard & Rogers)  
 Gloves (Leather) & Trimmings (Howard & Rogers)  
 Handbags, Purses & Pocketbooks (Howard & Rogers)  
 Harness, Saddlery (Williams)  
 Hatters' Furs & Supplies (see Felt) (Howard & Rogers)  
 Hides, Skins & Raw Furs (Williams)  
 Leather, except Manufacturers (Williams)  
 Leather Belting (Williams)  
 Leather Garments (Howard & Rogers)  
 Leather Novelties & Specialties (Howard & Rogers)  
 Leather Shoe Patterns (Williams)  
 Leather Slippers, Sandals & Moccasins (Williams)  
 Leather Soles & Heels (Williams)  
 Leather Trimming & Remnants (Williams)  
 Plastic Leather (Williams)  
 Shoe Ornaments & Novelties (Williams)  
 Shoe Repairs (Whiteside)  
 Shoe Shanks (Williams)  
 Tanners & Manufacturers of Leather (Williams)  
 Shoe Uppers (Williams)  
 Reptile Leather & Skins (Williams)  
 Trunks & Suitcases (Williams)  
 Welting (Williams)  
 Leather Goods (not otherwise classified) (Williams)

## Stone, Clay, and Glass Products

Abrasive Paper & Cloth (Muir)  
 Asbestos & Asbestos Products (Muir)  
 Asphalt & Products (Muir)  
 Bakelite Products & Plastics (Williams)  
 Beads (Paddock)  
 Bottles (Muir)  
 Brick (Muir)  
 Bulbs (incandescent) (Allen)  
 Buttons, Combs & Hairpins (Ivory, Shell & Bone) (Paddock)  
 Cement (Muir)  
 Cement Products (Muir)  
 China (Paddock)  
 Clay & Clay Products (Muir)  
 Concrete Products (Muir)  
 Contracting Mason (Muir)  
 Crockery & Pottery (Paddock)  
 Diamonds & Precious Stones (Paddock)  
 Enamelware (Paddock)  
 Fire Brick (Muir)  
 Floor Composition (stone, clay, tile, etc.) (Muir)  
 Glass, including Plate & Window (Muir)  
 Glassware & Cut Glass (Paddock)  
 Granite, Marble & Slate (Muir)  
 Gypsum Products & Plaster Casts (Muir)  
 Imitations of Precious Stones (Paddock)  
 Lime (Muir)  
 Mason Materials (not otherwise classified) (Muir)  
 Millwright (Muir)  
 Mirrors (Paddock)  
 Monuments & Mausoleums (Paddock)  
 Optical Goods (Paddock)  
 Plastering Contractors (Muir)  
 Porcelain Products, except Plumbing Supplies (Paddock)  
 Pottery (Allen)  
 Refractory Materials (Muir)  
 Road & Sewer Contractors (Muir)  
 Roofing Materials, except Wood and Metal (Muir)  
 Sand & Gravel and Mineral Aggregates (Muir)  
 Sand & Gravel Contractor (Muir)  
 Stone, not otherwise classified (Muir)  
 Limestone (Muir)  
 Stoneware (Paddock)  
 Industrial Stoneware (Muir)  
 Terra Cotta (Muir)  
 Tile (Muir)  
 Tile Contractor (Muir)

## Iron and Steel and Their Products, Not Including Machinery

Service Blacksmiths (Muir)  
 Blast Furnaces (Simpson)  
 Boilers & Furnaces (Muir)  
 Bolts, Screws and Nuts (King)  
 Bridge Contractors (Muir)

Castings, Iron & Steel (Simpson)  
 Chains (iron) (King)  
 Cutlery (including razors) (King)  
 Guns and Firearms (King)  
 Forgings (Simpson)  
 Foundries (Simpson)  
 Foundry Supplies (King)  
 Gate Posts, Fences (Simpson)  
 Hardware (King)  
 Incinerators (Muir)  
 Iron & Steel (Simpson)  
 Iron Ore (Simpson)  
 Iron & Steel Products, not otherwise classified (Simpson)  
 Kitchen Utensils (King)  
 Metal Fence Contractor (Muir)  
 Metal Furniture (Allen)  
 Metal Novelties & Specialties (King)  
 Metal Partitions & Window Frames (Muir)  
 Metal Stamping (King)  
 Oil Burners (coordinate—Muir) (Paddock)  
 Mill Supplies (King)  
 Ornamental Iron & Steel (Simpson)  
 Pipe and Pipe Fittings (King)  
 Plumbing & Heating Supplies (Muir)  
 Plumbing & Heating Contractor (Muir)  
 Radiators (Muir)  
 Rolling Mills (Simpson)  
 Safes (Allen)  
 Scrap Metal (Simpson)  
 Sheet Metal (Simpson)  
 Ash Cans & Metal Boxes (King)  
 Steel Barrels (King)  
 Steel Cabinets & Office Fixtures (Allen)  
 Steel & Iron Contractor (Muir)  
 Steel Doors & Shutters (Muir)  
 Steel Tubing (Simpson)  
 Stoves & Ranges (Allen)  
 Structural Iron & Steel (Simpson)  
 Surgical & Dental Instruments (Paddock)  
 Tanks (steel) (King)  
 Tinsmith (Muir)  
 Tinsmith Supplies (King)  
 Tin Cans and Tools (King)  
 Tin Ware (King)  
 Tools (King)  
 Welding (Muir)  
 Wire Goods (Simpson)  
 Wire (Simpson)  
 Wire Screens (Simpson)  
 Wire Springs (Simpson)

## Nonferrous Metals and Their Products

Alloys (Simpson)  
 Aluminum Castings (Kemp)  
 Bronze and Brass Castings (Simpson)  
 Aluminum Products not otherwise classified (Kemp)  
 Aluminum Ware (Kemp)  
 Brass Products (Simpson)  
 Bronze Products (Simpson)  
 Bronze Powder (Williams)  
 Clocks & Watches (Paddock)  
 Copper Mining & Refining (Simpson)  
 Copper Products (Simpson)  
 Electrical Contractor (Muir)  
 Electric Lighting Fixtures (Allen)  
 Electroplating (King)  
 Gas Lighting Fixtures (Allen)  
 Jewelry (Paddock)  
 Lamps (Allen)  
 Incandescent Bulbs (Allen)  
 Lead (Simpson)  
 Metals, Nonferrous (not otherwise classified, including Lead, Zinc and Tin) (Simpson)  
 Metals, Precious (Paddock)  
 Paper Fasteners and Clips (King)  
 Plated Silverware (Paddock)  
 Roofing Material, Metal (Muir)  
 Silverware (Paddock)  
 Watch Cases (Paddock)  
 Zinc (Simpson)

## Machinery, Not Including Transportation Equipment

Adding Machines & Calculators, Cash Registers & Typewriters (Kemp)  
 Addressing, Mimeographing & Mailing & Folding Machines (Kemp)  
 Agricultural Implements & Machinery (Muir)  
 Air Filters, Compressors & Ventilators (Muir)  
 Automotive Shop Equipment (Muir)  
 Cranes (Muir)  
 Creamery, Cheese & Butter Factory Equipment (Muir)  
 Electrical Apparatus & Supplies, except Household Appliances (Allen)  
 Electrical Household Appliances (Allen)  
 Electric & Neon Signs (Allen)  
 Elevator Cars & Gates (Muir)  
 Engines & Turbines (Muir)  
 Factory Supplies & Equipment, not otherwise classified (Muir)  
 Fire Extinguishers & Appliances (Kemp)

Garage Equipment (Muir)  
 Hand Trucks & Scales (Muir)  
 Incubators (Kemp)  
 Machine Supplies (Muir)  
 Machinist & Machine Shops (Muir)  
 Meters (Allen)  
 Mining Machinery (Muir)  
 Motion Picture Machinery (Kemp)  
 Oil Well Machinery & Supplies (Muir)  
 Pile Driving Contractor (Muir)  
 Printing Machinery (Muir)  
 Pumps (Muir)  
 Radio Parts & Supplies (Coordinate—Whiteside) (Allen)  
 Refrigerators & Refrigerating Apparatus (Kemp)  
 Road Machinery (Muir)  
 Scientific Instruments (Paddock)  
 Soda Fountain Apparatus (Kemp)  
 Telephone Supplies & Instruments (Allen)  
 Textile Machinery (Muir)  
 Vending Machines (Whiteside)  
 Valves & Gauges (Muir)  
 Machinery, not otherwise classified (Muir)  
 Industrial Recording Instruments (Paddock)

## Transportation Equipment, Air, Land, and Water

Airplanes & Airplane Parts (Muir)  
 Automobile Repair (Lea)  
 Automobiles (Lea)  
 Automobile Accessories & Parts (Lea)  
 Automobile Bus & Truck Bodies (Lea)  
 Batteries (Lea)  
 Bicycles & Bicycle Parts (Kemp)  
 Boat & Shipbuilders (Whiteside)  
 Buses (Lea)  
 Carriages, Wagons, Sleighs & Parts (Kemp)  
 Hauling, Trucking, Forwarding, Bus, Taxi & Street Car Transportation (Muir)  
 Motorcycles & Parts (Kemp)  
 Railroad Contractor (Muir)  
 Railroad Supplies and Equipment (Kemp)  
 Rent-a-Car System (Muir)  
 Ship Supplies (Whiteside)  
 Steamship Company (Whiteside)  
 Taxicabs (Lea)  
 Tractors (Lea)  
 Trailers (Lea)  
 Trucks, Auto (Lea)  
 Wheel Toys (Children's), Sleds & Playground Equipment (Kemp)

## Miscellaneous Industries

Antiques (Whiteside)  
 Artificial Limbs (Reserve)  
 Artificial & Preserved Flowers & Feathers (Reserve)  
 Artists & Draftsmen's Materials (Kemp)  
 Bakers & Confectioners' Supplies (Kemp)  
 Beauty Parlor & Barber Shop (Kemp)  
 Bed Springs & Mattresses (Allen)  
 Bottlers' Supplies (Kemp)  
 Brooms, Brushes & Mops (except Rubber) (Allen)  
 Janitor Supplies, General (Kemp)  
 Butchers' Supplies, General (Kemp)  
 Buttons (Howard & Rogers)  
 Celluloid Goods (Williams)  
 Chemical Laboratory Supplies (Paddock)  
 Cigars, Cigarettes & Tobacco (Reserve)  
 Contractor, General (Muir)  
 Mechanical Dental Goods (Paddock)  
 Dock & Pier Construction (Muir)  
 Display Fixtures, Mannikins & Forms (Allen)  
 Etching (Whiteside)  
 Five Cents to \$1.00 Stores (Whiteside)  
 Florists (Whiteside)  
 Florists' Supplies (Whiteside)  
 Furriers' Supplies (Kemp)  
 General Merchandise (Whiteside)  
 Gift Shop (Whiteside)  
 Hair Works & Goods (Reserve)  
 Hospital Supplies & Equipment (Paddock)  
 House Furnishings (not otherwise classified) (Allen)  
 Insulation Materials (Muir)  
 Jewelry & Instrument Cases & Supplies (Paddock)  
 Junk (Reserve)  
 Lapidary Work (Whiteside)  
 Laundry Supplies (Kemp)  
 Linoleum & Oilcloth (Allen)  
 Manicure & Toilet Sets (coordinate with Williams on Bakelite & Celluloid) (Reserve)  
 Miscellaneous Supplies (Kemp)  
 Models & Patterns, not including Paper & Leather Shoe Patterns (Kemp)  
 Motion Picture Supplies, not including Projection in Theaters (coordinate with Whiteside in charge of Motion Pictures) (Kemp)  
 Musical Instruments & Phonographs (Reserve)  
 Pianos (Allen)



# NRA Directory

**Complete list of assignments shows which deputy will answer the questions and hold the hearings for your industry.**

ARRANGED according to the U. S. Census classification, here is a list of 525 industries and occupations, and after each, in parenthesis, the name of the deputy administrator of NRA to whom each has been assigned. Assignment of a few industries is yet in "reserve."

Questions relating to specific industries may be addressed to the proper deputies; questions of general nature should be addressed to Gen. Hugh S. Johnson, Administrator. The address is, National Recovery Administration, Department of Commerce Building, Washington, D. C.

The deputies are as follows:

W. L. Allen; Dudley Cates (assistant administrator); Dr. Earl D. Howard; Philip C. Kemp; Harry O. King; Robert W. Lea; Malcolm Muir; Edward F. McGrady (assistant administrator); Major R. B. Paddock; W. W. Pickard; Dr. Lindsay Rogers; Sol Rosenblatt; K. M. Simpson; Nelson Slater; A. D. Whiteside; General C. C. Williams.

The assignments are as follows, by industries:

## Food and Kindred Products

Canned Goods (Wholesale) (Whiteside)  
Chewing Gum (Whiteside)  
Confectionery (Whiteside)  
Delicatessen (Whiteside)  
Grocers (only) (Whiteside)  
Groceries & Meats (Whiteside)  
Grocers' Sundries (Whiteside)  
Ice (Whiteside)  
Restaurants (Whiteside)  
Food Products (not otherwise classified) (Whiteside)

## Textiles and Their Products

Aprons (Howard & Rogers)  
Awnings, Tents, Sails and Canvas Covers (Whiteside)  
Bags & Bagging, except Paper & Leather (Whiteside)  
Bathrobes (Howard & Rogers)  
Belting (except Leather) (Howard & Rogers)  
Belts (fabric) (Howard & Rogers)  
Bindings & Tapes (Howard & Rogers)  
Blankets, Cotton (Whiteside)  
Blankets, Woolen (Whiteside)  
Blouses & Waists (Howard & Rogers)  
Braids, Dress Trimmings & Narrow Fabrics (Howard & Rogers)  
Burlap (Whiteside)  
Caps, Men's and Boys' (Howard & Rogers)  
Carpets & Rugs (Whiteside)  
Cloaks & Suits, Women's & Children's (Howard & Rogers)  
Clothing, Men's & Boys' (Howard & Rogers)  
Collars, Men's & Boys' (Howard & Rogers)  
Cordage & Twine (Whiteside)  
Corsets, Girdles & Brassieres (Howard & Rogers)  
Cotton Goods (Whiteside)  
Cotton Knit Fabrics (Whiteside)  
Cotton Piece-Goods (Whiteside)  
Cotton Yarns (Whiteside)  
Curtains, Draperies, Bedspreads (Whiteside)  
Department Stores (Whiteside)

Dresses & Waists, Silk (Howard & Rogers)  
Dry Goods (Whiteside)  
Dyeing & Finishing Textiles & Cloth Sponging (Coordinate with Slater) (Whiteside)  
Rayon Piece Goods (Whiteside)  
Rayon Yarn (Whiteside)  
Shirts, Cotton (Howard & Rogers)  
Shoe Fabrics (Howard & Rogers)  
Converters—Silk, Rayon, Cotton (Whiteside)  
Silk Knit Fabrics—(coordinate with Howard & Rogers in charge of Silk Knit Fabrics Products—Outerwear) (Whiteside)  
Silk Knit Products—Outerwear (coordinate—Whiteside in charge of Silk Knit Fabrics, and of Knit Underwear) (Howard & Rogers)  
Raw Silk (Whiteside)  
Silk, Ribbon & Piece Goods (Paddock)  
Silk Yarns (Whiteside)  
Slippers, except Leather (Howard & Rogers)  
Straw Goods (Paddock)  
Straw Hats, Men's (Paddock)  
Suspenders & Garters (Howard & Rogers)  
Tailor (Whiteside)  
Thread, Cotton (Paddock)  
Thread, Silk (Paddock)  
Underwear—Knit (coordinate—Howard & Rogers, Knit Underwear) (Whiteside)  
Underwear, Men's Cotton (Howard & Rogers)  
Underwear (Silk & Rayon—cut and sewn—coordinate with Whiteside, Knit Underwear) (Howard & Rogers)  
Uniforms (Howard & Rogers)  
Upholsterer (Whiteside)  
Upholstery Materials & Backing Cloth (Whiteside)  
Velvets, Plush, Corduroy (Whiteside)  
Wool, Raw (Whiteside)  
Wool, or Cotton Waste (Whiteside)  
Woolen & Worsted Knitted Fabrics (Whiteside)  
Woolen & Worsted Knitted Fabric Products (Whiteside)  
Woolen Piece Goods (Whiteside)  
Woolen & Worsted Yarns (Whiteside)  
Worsted Piece Goods (Whiteside)  
Textiles (not otherwise classified) (Paddock)

## Forest Products

Baskets, Rattan & Willowware (Paddock)  
Barrels & Cooperage Stock (Paddock)  
Boxes & Crates, Wood (Paddock)  
Building Materials (not otherwise classified) (Muir)  
Cabinet Makers & Woodwork (coordinate—Muir, Construction Materials) (Cates)  
Carpenter & Builder (Muir)  
Coffins (Paddock)  
Cork & Cork Products (Paddock)  
Doors & Sashes (Muir)  
Excelsior (Paddock)  
Fibre Products (Paddock)  
Furniture (Allen)  
Lumber (Cates)  
Matches (Reserve)  
Moulding & Picture Frames (Paddock)  
Office, Store & School Fixtures (wood) (Allen)  
Panels & Plywood (coordinate—Muir, Construction Materials) (Cates)  
Picture Frames (Paddock)  
Planing & Saw Mills (coordinate—Muir, Construction Materials) (Cates)  
Poles, Ties, Posts (Paddock)  
Shingles, Wood (coordinate—Muir, Construction Materials) (Cates)  
Shoe Forms, Wooden (Paddock)  
Tanks, Wood (Paddock)  
Veneer (coordinate—Muir, Construction Materials) (Cates)  
Wood Heels (Paddock)  
Wood Preserving (coordinate—Muir, Construction) (Williams)  
Wood Pulp and Cellulose (Pickard)  
Wooden Handles (Paddock)  
Wooden Novelties (Paddock)  
Woodenware (Paddock)  
Refrigerators (Kemp)  
Turpentine & Rosin (Williams)

## Paper and Allied Products

Bags, Paper (Pickard)  
Cellophane & Cellophane Products (Pickard)  
Envelopes (Pickard)

Labels, Gummed Paper, Tags, & Tickets (Pickard)  
Paper (Pickard)  
Paper Boxes & Containers & Paper Box Board (Pickard)  
Paper Goods, Novelties & Ornaments (Pickard)  
Paper Patterns & Transfers (Pickard)  
Stationery & Supplies (Pickard)  
Wallpaper (Paddock)  
Waxed Paper & Products (Pickard)  
Wood Pulp (Pickard)

## Printing, Publishing, and Allied Industries

Books (Kemp)  
Bookbinders (Kemp)  
Electrotypes, Mats & Stereotypes (Cates)  
Engraving (Cates)  
Greeting Cards, Art Pictures & Playing Cards (Cates)  
Lithographers (Cates)  
Magazines & Newspapers (coordinate—Whiteside in charge of Advertising) (Kemp)  
Mimeographing & Multigraphing (Whiteside)  
Musical Publishers (Rosenblatt)  
Map & Chart Publishers (Cates)

## Chemicals and Allied Products

Adhesives, Cement, Pastes & Glues (Williams)  
Alcohol & Commercial Solvents (Williams)  
Cleaning Compounds (Williams)  
Cosmetics, Perfumes & Toilet Preparations (Whiteside)  
Creosoting (Williams)  
Dry Sundries (Whiteside)  
Dry Colors & Dye Stuffs (Williams)  
Enameling & Japanning (Williams)  
Essential Oils (Williams)  
Fertilizers (Williams)  
Fireworks & Explosives (Williams)  
Fish Oils (Williams)  
Gums & Gutta Percha (Williams)  
Ink (Printing, etc.) (Williams)  
Ink (Writing) (Williams)  
Insecticides & Disinfectants (Whiteside)  
Medicinal Oils (Whiteside)  
Naval Stores (Williams)  
Painter & Decorator (Williams)  
Paints & Varnishes (Williams)  
Patent or Proprietary Medicines (Whiteside)  
Polishes & Blacking (Williams)  
Rosin & Turpentine (Williams)  
Soap (Williams)  
Starches & Dextrines (Williams)  
Waxes (Williams)  
Tanning Materials (coordinate Williams, Chemicals) (Kemp)  
Drugs (Whiteside)  
Chemicals (Williams)  
Drugs, Wholesale (Whiteside)  
Drugs, Retail (Whiteside)

## Products of Petroleum and Coal

Anthracite Coal (Simpson)  
Bituminous Coal (Simpson)  
Coal By-Products (Simpson)  
Coal Retailing (Kemp)  
Coke (Simpson)  
Fuel Oil (Simpson)  
Natural Gas—Illuminating & Heating (Cates)  
Gasoline (Coordinate with Whiteside in charge of Filling Stations) (Simpson)  
Kerosene (Simpson)  
Natural Gas (Simpson)  
Oils & Greases (Simpson)  
Petroleum Refining (Simpson)  
Tallow and Candles (Simpson)

## Rubber Products

Boots & Shoes (Rubber) (Reserve)  
Crude Rubber (Reserve)  
Rubber Heels & Soles (Reserve)  
Rubber Novelties (Reserve)  
Rubber Hose & Tubing (Reserve)  
Rubberized Textiles — Products (Reserve)  
Tires & Tubes, Automobile (Lea)  
Vulcanizing (coordinate with Whiteside in charge of Tire Shops) (Reserve)  
Elastic Webbing (Howard & Rogers)  
Rubber Goods (Reserve)  
Belting (coordinate with Williams—Leather Belting) (Reserve)

## Leather and Its Manufactures

Artificial Leather & Products (Williams)  
Belts (Leather) (Howard & Rogers)  
Boot & Shoe Counters (Williams)

# Wall Street Housecleaning

**To keep the legislators out of its hair, the Stock Exchange pushes out the shoestring customer and the customers' man, speeds up changes begun before slump.**

SOON after the New York Stock Exchange adopted rules so revolutionary that members gasped, there was an epidemic of gasping from quite a different cause. Some iconoclast polluted the trading floor's fresh air with tear gas, driving 2,000 persons to the street where they coughed, wiped streaming eyes and talked bitterly of radicals. The country got a laugh from the incident but there was nothing funny about the gas attack to the Exchange management. Since millions of citizens waxed indignant over losing bets on stocks, Wall Street has become sensitive to any and all demonstrations of animosity.

Reforms in trading adopted by the Exchange are frankly honest efforts to clean up practices which fed the ire of the public and its officials. Shoestring operators, who squeal loudest when

caught, are barred by a drastic increase in margin requirements, the nuisance of high-pressure and low-cost customers' men is curbed, pool and syndicate operators must disclose their intentions, the spraying of promiscuous call money into security trading is curtailed.

These moves spotlight major problems of the Exchange. A minor irritant is possibility of a new state tax. The genial tribe of Tammany, which has long used New York City as a happy hunting ground, was forced to ask for a special legislative session which would allow it to assess new taxes. The roving eye of the harried satchels lit on Wall Street as a victim whose cries would be generally enjoyed. A heavy stock-transfer tax was suggested. Wall Street's retort was characteristic. Unofficially it revived an old threat—that of moving

the Stock Exchange out of the state. (Once there was even talk of flight to Montreal.)

Brokers grinned as the rumor-distributors passed the word along. They chuckled outright when the states of New Jersey and Delaware took the report seriously and offered the Exchange sanctuary. However, the sagacious gentlemen who run the Exchange want no argument with constituted authority. Its little brother, the Curb Exchange, recently announced reforms resulting from an investigation by the state's attorney-general (*BW*—Jul29'33). A similar expedition against the Big Board is possible. The truly terrifying prospect is federal control under laws enacted by a Congress that is still plenty mad over the goings-on of 1929. Hopping over state lines would be no escape from this.

## Fair Warning

In a campaign speech President Roosevelt declared that the Stock Exchange must be brought under federal regulation. He has shown an embarrassing tenacity to pledges. The next Congress will have time to act on control of stock and commodity exchanges. Recent high-jinks strengthened the view, already strongly held in Washington, that such legislation would be pressed. By then the Senate Currency and Banking Committee should have digested its investigations. No one will be surprised if its report recommends federal control. (It is doubtful whether speculation could now be restrained under NIRA, even if the licensing power were invoked. The act covers trades, industries, and subdivisions thereof; the Exchange is an association of free agents.)

As a voluntary organization, the Exchange has almost unlimited power over its members. It is employing this power in an attempt to clean up objectionable practices before the cleaning can be done by anyone on the outside. It would be ridiculous to imagine that the federal threat did not hurry these reforms and make them more biting, but the Exchange was fighting its own abuses even before the slump.

## Exit the Juvenile

Anthropologists will be interested in the new rules which are expected to abolish that picturesque play-boy, the old type of customers' man. One variation was the engaging princeling who got a job in a broker's office because that was the price for obtaining the trading account of a rich dad, a doting aunt, a high-flying college chum. He didn't have to know the security markets, he had to know the right people. Office routine was not for him. He was often to be found on the carpet, in a tense circle of colleagues, calling fervently for the rollicking dice to give him a seven. Another manifestation was the go-getter with pep and personality no end, who knew the funniest



**CLOSED FOR A GOOD CRY**—Riot squads hold back the curious, police "trouble trucks" park before its doors, as the Stock Exchange adjourns to the curb following a lamb raid on Tear Gas, common, and Handkerchiefs, preferred.

Nurseries & Greenhouses (Reserve)  
 Oil Drilling Contractor (Muir)  
 Opticians (Whiteside)  
 Organs (Reserve)  
 Painters' Supplies (Kemp)  
 Paper Mfrs' Supplies (Kemp)  
 Pens, Fountain Pens & Pencils (Reserve)  
 Pets & Pet Supplies (Reserve)  
 Photographic Apparatus & Supplies (Paddock)  
 Photographers (Whiteside)  
 Pipes (Tobacco) (Reserve)  
 Printers' Supplies (Kemp)  
 Religious & Church Goods (Reserve)  
 Restaurant & Hotel Supplies (Kemp)  
 Shoe Manufacturers' Supplies (Kemp)  
 Shoe Store Supplies (Kemp)  
 Sporting Goods, except Guns (Reserve)  
 Tanners' Supplies (Kemp)  
 Theatrical Scenery & Stage Equipment (Kemp)  
 Toys (not including Wheel Toys, Sleds & Playground Equipment) (Paddock)  
 Umbrellas, Parasols & Canes (Reserve)  
 Undertakers' Supplies (Kemp)  
 Works of Art and Oil Painting (Reserve)  
 Building Management (Muir)  
 Office Supplies, not otherwise classified (Kemp)  
 Novelties not otherwise classified (Reserve)  
 Tire Shops (coordinate with rubber) (Whiteside)  
 Filling Stations (coordinate with Simpson in charge of petroleum) (Whiteside)

## Miscellaneous, Commercial and Professional

Accountants (Public) & Appraisers (Whiteside)  
 Advertising (coordinate with Kemp in charge of Magazines & Newspapers) (Whiteside)  
 Amusements, not otherwise classified (Rosenblatt)  
 Circus (Rosenblatt)  
 Burlesque (Rosenblatt)  
 Vaudeville (Rosenblatt)  
 Carnivals (Rosenblatt)  
 Architects (Muir)  
 Auctioneer (Whiteside)  
 Auto Laundry (Whiteside)  
 Banks, Banking & Trust Companies (Whiteside)  
 Beauty Parlors (Whiteside)  
 Bonding Companies (Whiteside)  
 Stocks & Bonds (Whiteside)  
 Bowling, Billiards, Pool & Skee Ball (Whiteside)  
 Building & Loan Associations (Whiteside)  
 Business & Industrial Specialists (Whiteside)  
 Cleaners & Dyers (Whiteside)  
 Cold Storage & Warehouse (Whiteside)  
 Costume Renting (Whiteside)  
 Educational Institutions (Whiteside)  
 Employment Agencies & Labor Contractors (Whiteside)  
 Engineers and Surveyors (Muir)  
 Exterminating (Whiteside)

Finance Companies (Whiteside)  
 Fashion Shows (Whiteside)  
 Fur-Bearing Animals, Raisers of (Reserve)  
 Garage (Whiteside)  
 Grain Elevators (Whiteside)  
 Hotels (Muir)  
 Hospitals (Whiteside)  
 Insurance Cos. (Fire, Accident & Indemnity) (Whiteside)  
 Insurance Cos. (Life) (Whiteside)  
 Insurance & Real Estate Agents (Whiteside)  
 Interior Decorators & Furnishers (Whiteside)  
 Laboratory (Whiteside)  
 Laundry (Whiteside)  
 Lawyers (Whiteside)  
 Musical Society (Reserve)  
 Pawnshop (Whiteside)  
 Physicians (Whiteside)  
 Premium Service (Whiteside)  
 Public Utility Companies (except Transportation which is being handled by Muir—with whom coordinate) (Cates)  
 Broadcasting (Performers) (Rosenblatt)  
 Authors (Rosenblatt)  
 Opera (Rosenblatt)  
 Motion Pictures (Rosenblatt)  
 Real Estate (Whiteside)  
 Salvage & Lighterage (Whiteside)  
 Shipping Agents (Whiteside)  
 Tourist Companies (Whiteside)  
 Stevedores (Whiteside)  
 Theatres & Legitimate Stage (Rosenblatt)  
 Undertakers (Whiteside)  
 Window Cleaning (Whiteside)

## Blanket Catechism II

**Q. What can I do under the President's Reemployment Agreement (PRA) about my contract with a union?** A. The ruling says: "Where an employer is bound by the terms of a contract with a labor organization, entered into as the result of bona fide collective bargaining, and he is unable to effect a change in such contract by agreement, he may certify his compliance with the PRA with the following exception: 'except as required to comply with the terms of agreement in effect between the undersigned and (name of labor organization)' . . . It should be understood that his (the employer's) exception can be made only in the case of a contract not subject to change at the discretion of the employer and then only after a certified copy of the contract has been filed with the NRA and its approval has been given to the exception stated."

**Q. If I do not have a contract with a labor union, how am I to adjust the difficulty arising out of the enforced reduction of hours?** A. The ruling apparently places the employer of non-union labor at a disadvantage, as compared with the employer under a union contract: "Par. 7 of PRA prevents the reduction of compensation in excess of the minimum, whether it is paid by the hour, day, week, or month. Therefore, an employee previously paid by the day, week, or month will receive as much for the shorter day, week, or month. An employee previously paid by the hour will receive as much per hour, but as shortening of his hours will reduce his actual earnings per day or week, his compensation per hour is to be increased by an

equitable adjustment. There is no fixed rule which can be applied to determine what is an equitable readjustment. In general, it will be equitable to figure what an employee would have earned at his previous rate per hour in a normal week in the industry, and then to increase the hourly rate so as to give him substantially the same compensation as he would have gotten for that normal week. But consideration must be given to factors including: Is the existing rate high or low compared with the average rate paid in the industry? Will the resulting adjustment result in an unfair competitive advantage to other employers or other trades or industries?"

**Q. What do I do in case my industry has filed a code?** A. If a specific code has been submitted by your industry and its wage and hour provisions accepted by a Deputy Administrator, sign the Certificate of Compliance with this endorsement: "To the extent of NRA consent as announced, we have complied with the President's Agreement by conforming with the substituted provisions of the Code submitted for the ——— Trade."

**Q. How do I proceed to obtain the Blue Eagle through a petition for relief?** A. If PRA provisions are mostly impossible, prepare a petition to the NRA asking for a stay or postponement of those provisions which would produce an "unavoidable hardship"; submit this petition to the trade association of your industry, or if none, to your local Chamber of Commerce, or such other commercial organization as can properly vouch for the facts; if officially accepted by one of the above, add the following

to the face of your Certificate: "Except for those interim provisions regarding wages and hours which have been approved by the ——— Trade Association." This procedure may take some time and is, of course, subject to reversal when your petition is reviewed by the NRA.

**Q. What was meant by the statement of General Johnson in his Cleveland speech of Aug. 6 that the Blue Eagle given to those who could not comply fully with PRA would have a white bar across it showing the points with which he did not comply, and the further statement that it would take two weeks "to attend to all this"? Does that mean that firms may sign now and not touch wages until Aug. 21?** A. This statement was made solely to forestall public boycott of firms needing modifications and on account of the unavoidable delays due to the tremendous number of requests for modifications. The PRA should be signed and sent in with the petition for relief as noted above.

**Q. How much power has a trade association or a chamber of commerce to grant relief?** A. None, except that the petition for relief to be sent to NRA has to be certified by a trade or commercial organization. They cannot exact membership for such service or limit it to members, and efforts to do so should be reported. No trade association has authority to issue such a certificate to its trade collectively for a common "unavoidable hardship" except in those cases where the custom and procedure of the industry is well established and the exemption of the whole industry will not frustrate the spirit and intent of PRA and does comply with the proposed code of the association, and in those cases the certification must be of the individual petitions.



# The SOUTH PREFERS INTERNATIONALS



**T**HE South has pride of Past and a great will to build a greater Future. From Tidewater Virginia southward to the Gulf and southwestward to the Mississippi and beyond, the record of the South is best told as a blend of glamour and achievement. Its story is made against a background of quality and distinction.

Peopled with the descendants of the pioneers, alert with modern ambition, the states of the South are going forward with a new national deal that has recognized their especial potentialities. Great resources are at their command. Industry, commerce, and agriculture, a noble history and a strategic setting in key with the times, all are working together to build a land of new fortune in Dixie. The South takes its place in the present

march of the nation to prosperity.

International Trucks, made by a corporation whose antecedents go back over a century to Virginia and the year 1831, stand high in the esteem of the South. Tens of thousands of Internationals haul an incalculable tonnage over southern highways.

Below the Mason and Dixon Line International Harvester maintains Company-owned service at 57 points — the largest Company-owned truck service organization in the South. The American Bakeries Company, the Dr. Pepper Company and Dr. Pepper Bottlers, and the Atlantic Ice and Coal Company are representative institutions whose activities cover the South. Each of these companies uses hundreds of trucks, and each one, from officers to drivers, is outspoken in its praise of

## DR. PEPPER COMPANY

*drink a bite to eat*  *at 10, 2 and 4 o'clock*  
GENERAL OFFICE, 407 SECOND AVE.  
DALLAS, TEXAS

December 2, 1932

International Harvester Company,  
Dallas, Texas

Gentlemen:

We purchased our first International trucks in 1927. Since that time we have been replacing our heavy-duty trucks with Internationals.

Your dependable service and our own cost records were the determining factors in our turning to International trucks. Delivery cost per case of Dr. Pepper is now the lowest in our history.

Many of our International trucks have run over 100,000 miles without replacements of engine parts.

Yours very truly,  
DR. PEPPER COMPANY

## International Trucks and Service.

We recommend Internationals to you on the basis of the complete satisfaction they are rendering a legion of owners *everywhere*. International sizes range from  $\frac{1}{2}$ -ton to 7 $\frac{1}{2}$ -ton. Chassis prices \$360 up, f.o.b. factory. Ask any International branch or dealer for a demonstration.

INTERNATIONAL HARVESTER COMPANY  
606 S. Michigan Ave. OF AMERICA (INCORPORATED) Chicago, Ill.

# INTERNATIONAL TRUCKS





**JOB AMONG THE JOBMAKERS**—Hopeful applicants in the corridors of the Commerce Building would like to see the NRA join the NRA, make more jobs for white collar workers. But there is no code for the code-makers; the General's staff works hours he would not countenance in any industry.

stories and the best speakeasies, who had more ways of getting into homes than a Fuller Brush man, who could charm a sparrow off a limb or a block of A.T.&T. out of a lock-box.

#### Cramping Their Style

Students still have time to study such specimens, since the rules are only applicable to new employees. But all (say the powers) must completely revamp their mode of life. Payment for entertaining customers is prohibited. Soliciting accounts and offering securities in the prospect's home also is taboo. Customers' men can't even communicate with their margin clients at home without "express permission in writing." Such employees cannot be hired without permission of the Exchange's Committee on Quotations and Commissions. Employment must be for at least 6 months, minimum salaries must be observed. Employment as clerks because of business brought to the office is forbidden. Traveling solicitors of commission business will not be approved.

Formerly margins of 25% of the total cost were generally acceptable. The Exchange's only rule was "adequate margin." Now 50% is required for the small-timer with a debit balance of \$5,000 or less; 30% is the minimum for balances above that figure. (This also protects the solvency of member houses by eliminating the temptation to spread margins dangerously thin.) Additional margin requirements are imposed on short positions, on securities selling at very low prices, on those not having an active market.

When Richard Whitney, the astute president of the Exchange, testified before a Senate investigating committee in the spring of 1932, his unfamiliarity with pool activities caused considerable irritation. He has evidently been digging into the question of manipulated price since then. Now detailed reports must be made of "all pools, syndicates, and joint accounts" including lists of securities and names of participants, whether the purpose is trading or what.

The Glass-Steagall Banking Act prohibits Federal Reserve member banks from paying interest on demand deposits, or making loans for the account of others. This is designed to prevent the attraction of corporate and other funds into the call market where it was one of the prime reasons in promoting the 1929 monstrosity. The Exchange puts itself in line with the new legislation by restricting the right of members to pay interest on credit balances and prohibiting the lending of money for the account of non-banking institutions or individuals.

How effectively can these rules be enforced?

Brokers already are moaning that the restrictions have taken the life out of a market that promised to go places and do things. Total sales last Monday were 765,000 shares—this following a period when 5-million and 6-million days were common. Virtue may be its own reward, but it pays for no German-built yachts. If this sort of thing keeps up, brokers won't need tear gas to make them weep into the gutters.

## Freight Rates O.K.

**I.C.C. rules that the traffic left by the trucks must pay present rates to keep the railroads going.**

REFUSAL by the I.C.C. to accept evidence of a tumbling price structure as warranting reduction in freight rates was expected. The plea made last January by lumber, coal, and farm organizations (*BLW*—Feb 1 '33) no longer is in tune with the times. But, entirely apart from the fact that it was the obvious reaction to a new and better state of affairs, the decision is significant.

#### Old Theories Don't Work

To put it baldly, the commission simply said that what freight is left to the railroads must pay the bill to keep the railroads going. With trucks taking the cream of the traffic, the old theory of fixing rates with reference to the value of the lading doesn't work.

The commission sprinkles its opinion with a little sugar by stating that when the prices of any particular commodities have stabilized on a lower level than that of commodities in general, something may be done about it.

But even though the freight rate level as a whole is still higher than the climbing commodity price level, the commission insists that "the preservation of an adequate transportation machine is more important to the country than lowered freight rates. . . . Such service cannot be maintained if we require reductions on traffic that is not subject to competition."

The commission doesn't suggest a truce with the trucks although there is a demand in that quarter that the railroads line up with NRA. The general process of rate revision to meet the competition of other forms of transportation must, said the commission, continue without abatement.

#### "Wound Stripe"

In a sense the decision cites the railroads for a "wound stripe," exempting them from any moral obligation under a covenant to which there is no legal commitment. No industry is more thoroughly coded than the railroads, and Donald Richberg, NRA counsel and brotherhood attorney, doesn't intend to let NRA monkey with the railroads' contracts with their employees.

Joseph B. Eastman, Railroad Coordinator, has urged the railroads to spend every available dollar in putting men back to work even to the extent of sacrificing temporarily further economies in operation. He points to deferred maintenance on which more money can be spent consistent with economy. Eastman has also suggested to Secretary Ickes, Public Works Administrator, that grade crossing elimination be promoted from the foot of the list of priorities in allotting the \$400-million road fund.

they were not paid to "watch" cars while patriots were at their devotions. Prompt police action wrecked the racket which had become almost a tradition among neighborhood tots.

New Hampshire has become especially progressive. J. Leslie Kincaid, hotel chain man, says girls have been posted at confusing crossroads to direct travelers.

## Tarheel Sales Tax

**Passed as emergency measure, fought by merchants, opposition is subsiding and a long life is forecast.**

NORTH CAROLINA'S 3% sales tax that went into effect July 1 will evidently stick for at least 2 years, the only opposition to its enforcement having collapsed when the state merchants' association decided last week that a court fight would take so long that the merchants had better wait and back for the 1935 legislature candidates opposing the measure. That is a long way off.

The sales tax was adopted by the last legislature as an emergency method of taking care of a deficit that the state had been piling up for several years. Demands for reduction in land taxes by the counties and municipalities had increased (there is no state tax on land in North Carolina). To meet these demands, maintenance and construction of all roads outside of incorporated places had previously been taken over and financed by the state, which also has assumed the entire school burden.

These added expenses and the climbing deficit made a sales tax the only apparent method of getting the money. No one in the state administration favored the idea. The merchants of the state fought it to the ropes and went down fighting.

Meanwhile, the tax is being received with practically no opposition from the consumer who buys at retail everything except a few staple articles of food. The flurry largely stirred up by the merchants the first few days the tax became effective has petered out. Just how sincere their opposition is since the act was amended to require the tax to be passed on to the consumer remains to be seen. Between now and the next election collection of from \$10 millions to \$12 millions a year from a new tax source will be hard to substitute.

From the day the sales tax was passed the state's credit standing has improved fast. With the apparent certainty that the budget will safely be balanced, including heavy retirement of bonds, further advance in North Carolina's already good credit rating is to be expected. Two years ought to give the merchants plenty of time to cool off.

# SOUTHERN RURAL MARKET

*presents challenging  
sales opportunity!*

Cotton growers of the South are enjoying the largest cash income they have ever had at this season of the year.

*And they will soon receive hundreds of millions more.*

This huge income is their great and deserved reward for adjusting cotton production more nearly to demand.

The wholehearted response of Southern cotton producers to the Administration plan for eliminating one-fourth of the 1933 cotton production—about 4,000,000 bales—represents an achievement unparalleled in the history of American Agriculture.

The Government is now speeding cash benefit payments totaling more than One Hundred Million Dollars to cotton growers—about 35,000 a day.

In addition, about Fifty Million Dollars in option profits will be received by Southern farmers who, instead of taking full-cash payments for cotton crop reduction, took options—together with part-cash benefit payments—on more than 2,000,000 bales of Government-owned cotton at 6 cents a pound.

But greatest of all the benefits to Southern cotton growers for retiring more than ten million of the South's 40,000,000 acres in cotton is the cash income of about Six Hundred Million Dollars they will soon receive from the sale of 1933 cotton crop.

This means a cash income of more than \$750,000,000 from cotton alone—nearly double the income and much more than double the profit Southern farmers received from the 1932 cotton crop. It means a proportionate business improvement over the entire Cotton Belt.

With Southern farmers now receiving millions of dollars from cotton-reduction payments . . . from the sale of cotton held by them from previous crops . . . from a golden stream of cash from tobacco sales in the bright tobacco belt . . . from the sale of fruit and truck crops—and with HUNDREDS OF MILLIONS MORE to be received this fall and winter from highly profitable sales of cotton and other crops—the Southern Rural Market presents a challenging opportunity for immediate and continuing sales and advertising effort.

Progressive Farmer and Southern Ruralist is a powerful and an essential medium for influencing sales in this beckoning market where rural buying power has already been restored.

## Progressive Farmer & Southern Ruralist

BIRMINGHAM, ALABAMA

Raleigh

Atlanta

Memphis

Dallas

A Modern Monthly Magazine for Southern Farm and Rural Families  
Read and Preferred in More Than 850,000 Able-to-Buy Homes

## "Wire For Reservations"

**With the aid of the upturn, some rate cuts and a few new selling ideas, the hotels are beginning to fill those long-vacant rooms.**

THE hotel industry, claimant of the melancholy distinction of being harder hit than any, is shedding its hair shirt to don raiment and looks in better keeping with its cheerful service as the national publican. Business has improved, prospects are still better. Chicago hostelry which a few months back echoed to the hollow footfalls of receivers, now are cheerful with the clatter of arriving guests, the tinkle of ice, the gurgle of ginger ale. The Exposition has done wonders. Hotels are full. Reservations are difficult. New England resorts report excellent business. In other sections beer has helped some, general improvement a good deal more.

Verily they have come up through great tribulations. Prohibition was a direct wallop to profits. Followed the New Era in which carefree speculators threw up hotels (with a Hey nonny, nonny!) as long as there were suckers for the bond flotations. After the collapse, banks and other receivers led in the mining and countermining of direct price cuts and secret concessions.

Comfort comes from Postmaster-General James A. Farley. His benediction in the new edition of the Hotel Red Book says that "no other industry of similar scope and importance has been called upon to bear a more burdensome load," suggests that sale of alcoholic beverages, when and if made legal, be placed in the hands of hotel men. Commenting thereon, Thomas D. Green, president of the American Hotel Association, observes that this industry "has been the one grand goat in this experiment, noble or otherwise." He devoutly hopes that Mr. Farley's suggestion will be followed.

### Hotel Indicator

The association publishes the Red Book whose annual appearance is a perfect indicator of the year's trends. The 1933 edition went to press just as inflation was beginning; there was a last-minute rush for ad reservations which left tail-enders out of the displays. An analysis of the issue by Emerson D. Owen, Red Book editor, gives a cross-section of conditions. It shows that:

(1) Listings total 18,919 hotels of 25 or more rooms in the United States and Canada. This is 171 more than in the 1932 edition.

(2) Only 15 all-year hotels have closed their doors. Mortality of resort hotels is somewhat greater.

(3) Most of the changes, involving

about half of this country's 16,082 hotels, were rate reductions. These usually were cuts of 50¢ daily on all classes of rooms.

(4) There was a wide regrouping of hotel chains. Some chains have perished, while 10 new ones appeared last year. Largest in number is American Hotel Corp. with 45 units.

Most entertaining are sales schemes used to lure new business. For the first time dude ranches are listed in the Red Book. One advertises itself as a "Smart Divorce Resort." Free garage space is widely used to attract gasoline travelers. The Roosevelt Hotel, Pittsburgh, advertises "visual purchasing"—in the lobby are photographs of the different types of rooms, enabling guests to pick without wandering over the building. In San Francisco the Chancellor Hotel has instituted a one-price policy, the rate varying only with the number of occupants. A Western inn boasts a private zoo to amuse nature lovers. An-

other in West Virginia even invites chair warmers with a description of its lobby as "an ideal lounging-place."

The success of the Chicago fair is drawing most of the summer conventions. During a single week in June 47 organizations held meetings there. This has helped keep downtown hotels full. Rooming houses and transit lines are profiting on motorized tourists who can't afford Loop prices. New York business feels the Chicago competition. The usual hot-weather rates are in effect to bolster an ancient illusion that the metropolis is the "world's greatest summer resort." Good second-line hotels are going after business with club rates as low as \$2.50 a day per person for 2 in a room, meals and private baths included. There has been an extension in New York and other cities of the Plymouth Hotel experiment in "inclusive tours." A typical one gives the visitor 2 nights and 3 days with meals, 1 dinner at a night club, 1 sightseeing tour—all for \$10.

### Pilgrim Business Better

New England is claiming the best tourist business since 1929. Through advertising and better service for tourists the district is finally taking advantage of its unique advantages. In Boston, tourists to Bunker Hill complained that hoodlum kiddies knifed tires if

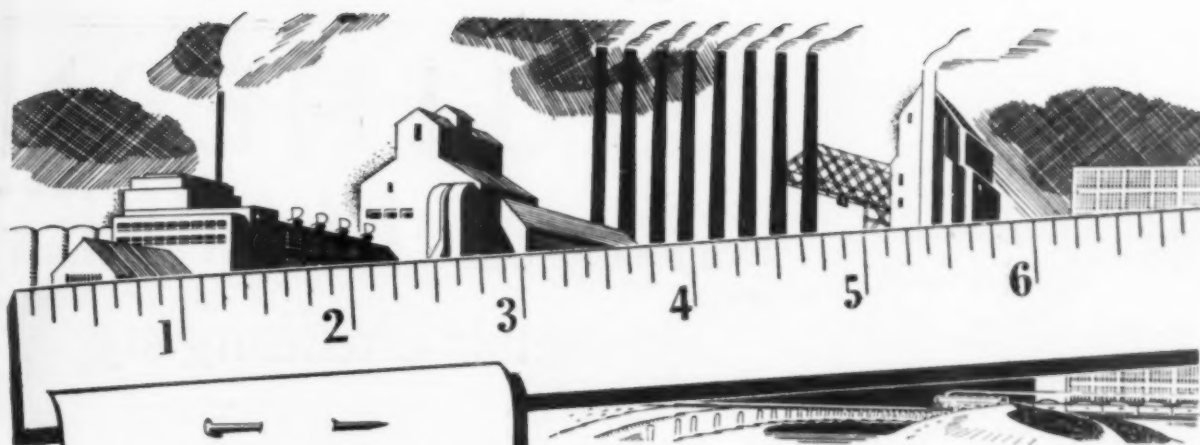


**SIT-DOWN STORE**—In the new Rotaserve Grocery, Los Angeles, customers neither stand at a counter nor walk around the shelves. Instead, the shelves move past the seated customers, who can see everything in stock in a few minutes, and pick what they want from the moving shelves. At one end, the conveyor passes through the stockroom where replenishments are made.









### DEPARTMENTAL ROUTING

- ☐ ENGINEERING
- ☐ PURCHASING
- ☐ PRODUCTION
- ☐ MAINTENANCE

# a new



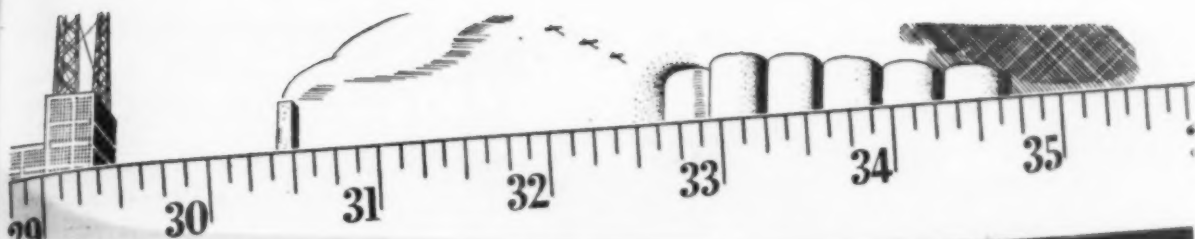
LIKE a strong man suddenly aroused from a hideous nightmare, still rubbing his eyes in the half-light of a new day, American Industry greets the dawn of economic recovery. Spectres of the night vanish like mist before the sun, as hope quickens and principles are resolved into action.

Both chiseler and price-cutter are doomed to exile. The workman, worthy of his hire, goes back to his task. Wages rise and consumer purchasing power lifts its head again. Selling below cost is outlawed. Competition is restored at last to the honest plane of quality and service—competition that becomes in truth once more "the life of trade." And a new yardstick for industrial buying is measured out.

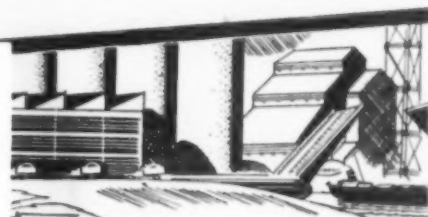
Here at Goodrich we believe that the discerning buyer under "the New Deal"—now free from the compulsions of a price-market—will apply that yardstick with judicious care; that each product passing in review must rate according to those factors which really typify value and service.

**MEMORANDUM:** *With the dramatic appearance of the National Industrial Recovery Act, Chiselers and Price-Cutters are in full flight. A new yardstick for industrial buying has been created. If you are in sympathy with our interpretation of the job ahead, perhaps you will want to route this definition to some of your key departments.*

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pany, Mechanical Rubber Goods  
ron, Ohio.

# oodrich

*duct problems* **IN RUBBER**

product at all times promptly available.



GOODRICH MECHANICAL RUBBER GOODS INCLUDE...

Conveyor, Elevator and Transmission Belting... Air, Steam, Water and Suction Hose... Rubber Lining for Storage, Pickling and Plating Tanks, Tank-Cars, Pipe and Valves... Packing... Molded Rubber Products... Heels and Soles... and a Complete Line of Miscellaneous Rubber Items.



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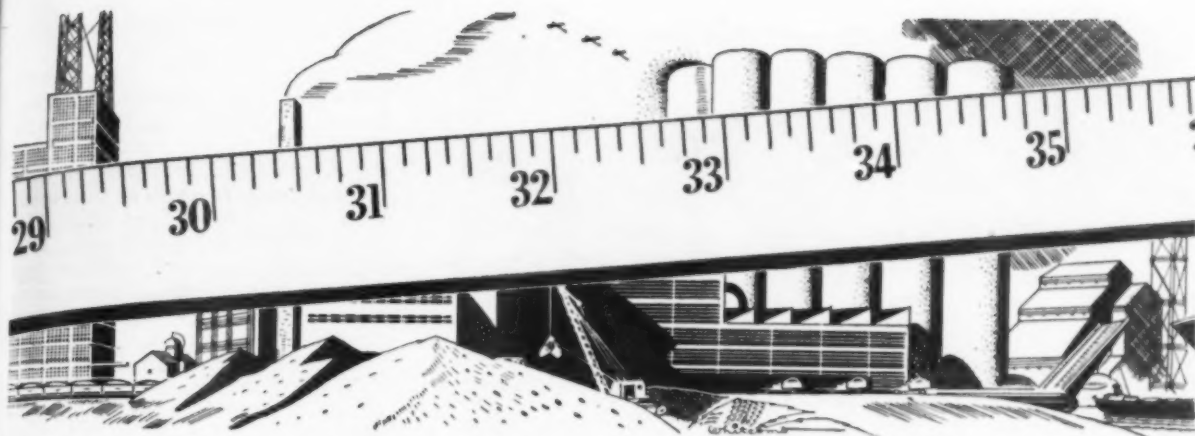
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# yardstick

## FOR INDUSTRIAL BUYING

*He will inquire, for example, into—*

**RESEARCH, PRODUCT DEVELOPMENT and DESIGN.** For only by these means can new utilities and new economies be evolved.

*He will want to know about—*

**MATERIALS, PROCESSES and CRAFTSMANSHIP.** For no product is better than the materials of which it is wrought, nor better than the processes through which it passes, nor better than the craft and skill of the worker who fashions it.

*He will appraise—*

**PERFORMANCE DATA and APPLICATION ENGINEERING.** For installation service and achievement records are the acid test of value in terms of consumer-need.

*And finally, he will consider—*

**DISTRIBUTING FACILITIES.** Which make the product at all times promptly available.

This is the yardstick of the new industrial order that the N.I.R.A. ushers in. Goodrich embraces this yardstick and seeks comparison by the measure it yields—confident in the knowledge that its products will amply justify a tradition of quality and service which for 63 years has been so jealously fostered...The B. F. Goodrich Rubber Company, Mechanical Rubber Goods Division, Akron, Ohio.

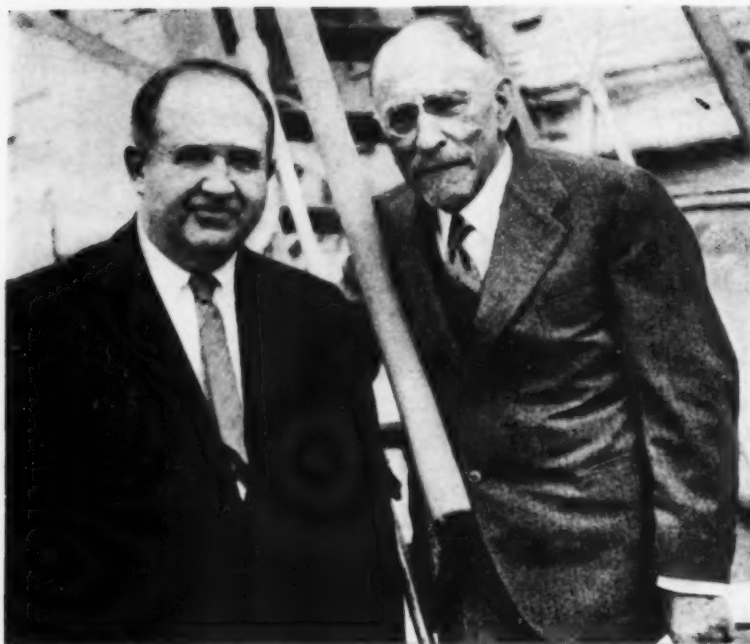
# Goodrich

**ALL** *products problems* **IN RUBBER**



**GOODRICH MECHANICAL RUBBER GOODS INCLUDE...**

Conveyor, Elevator and Transmission Belting... Air, Steam, Water and Suction Hose... Rubber Lining for Storage, Pickling and Plating Tanks, Tank-Cars, Pipe and Valves... Packing... Molded Rubber Products... Heels and Soles... and a Complete Line of Miscellaneous Rubber Items.



WHEAT AND WAR—Henry Morgenthau (right) and Edward Bruce, as they came in on the *Berengaria* after adjournment of the World Conference. The elder Morgenthau, American delegate to the wheat talks, reported negotiations as successful as could be "in a town meeting of 60-odd nations," saw signs of trouble ahead in the Old World, made war talk for ship news men.

## Closed Banks

**The Treasury sticks to its plan of reopening banks one by one, but the Depositors' Committee with a blanket reopening scheme is getting under its skin.**

WASHINGTON—Predictions of the National Depositors' Committee, headed by Frank H. Schrenk, of Philadelphia, that the Administration will shortly be driven to adopt the committee's blanket plan—or at least some blanket plan—for opening up all of the closed banks, instead of pursuing its present policy of handling each bank separately, are vigorously denied at the Treasury.

As printed (*BW*—July 15 '33) Walter J. Cummings, Assistant Secretary of the Treasury in charge of the closed bank situation, is well pleased with the job that has been and is being done.

It may be flatly stated, that there will be no change. Individual plans for individual banks will be approved and the banks will be opened one at a time as fast as may be.

Nor has the Treasury any sympathy with the National Depositors' Committee plan for opening all of the banks closed since Jan. 1, 1930, on the basis of allowing all depositors immediate access to 60% of their deposits. Nothing of the kind is even considered.

"Where would the money come from?" Treasury officials demand. And

"Where would be the fairness of putting them all in the same boat regardless of conditions?"

Schrenk believes that the Administration will be forced to accept his plan.

"The President is already very sympathetic," he said. "The big factor is buying power. If the closed banks were opened up under our method, there would be released at once some \$3 billions of frozen deposits. This would actually mean \$15 billions, multiplying only by a conservative 5, as against 10 used in talking of gold.

"None of these industrial recovery plans can succeed until this sore spot has been healed. People put to work at a \$14 a week minimum under a code do not produce much buying power. But people whose deposits are released would really spend money.

"We figure that the government could adopt our plan with an outlay of only \$250 millions.

"And the Treasury figures are very deceptive. They are opening banks at the average of 3.6 a day. But most of them are new banks, in fact. The amount of deposits actually released to

the depositors is varying, which makes the figures more deceptive.

"The Treasury is ignoring soundness and solvency of assets in these closed banks. It concerns itself only with liquidity. There are 3,120 banks still closed. An initial investment of \$250 millions, barely in excess of the amount of the public works fund allotted for naval construction, would open them all, and the government would get practically every cent back. Yet no investment of public funds would do more to reestablish buying power.

### Schrenk Plan

"Then if one counts all banks closed from Jan. 1, 1930, up to Mar. 4, there are 5,000, with deposits of \$5 billions! Our plan on those would be to open them all up with 60% of the deposits available at once. We fix 60% because the average of all closed banks from 1865 to 1929 is that depositors eventually got 67% of their money. So we are being conservative. Bear in mind that this 67% was paid after all costs and charges had been deducted."

Schrenk began his activities in behalf of closed banks in May. He was president of the North City Trust Co., of Philadelphia, and a lawyer. He called a meeting of heads of closed banks in that city, and fired some of them with his criticisms of the Treasury. Promptly the movement expanded to take in the 130 closed banks of the Third Federal Reserve District.

June 1, he came to Washington. He saw W. J. Cummings and the President, but found that the Treasury wanted to deal with each bank independently.

Riding back to Philadelphia next day he visualized a national movement which would force a change in Washington, and on June 3, 5,000 letters to closed bank officials went out on hastily printed stationery.

### 6 Million Represented

Replies poured in, Schrenk says, representing 3 millions of depositors, which number he now claims has swollen to 6 millions.

This produced letters to members of the House and Senators, and the Committee, with an active press agent, issuing "handouts" every day or two, began to attract some attention. The Committee for the Nation began to add its considerable weight to the pressure for releasing frozen deposits. Memberships overlap, among important names.

Lessing Rosenwald is the latest addition to the list of directors of the National Depositors' Committee. Others are Mrs. Ruth R. K. Strawbridge, of the famous Philadelphia family, Vincent Bendix, of the Bendix Aviation Co., E. I. McClintock, Bayer Co., New York; Jas. H. R. Cromwell, vice-president, Peerless Motor Car Co., New York; M. M. Cohen, Washington lawyer, and Oscar Underwood, Jr.



## Wide Reading

**GIVING THE HOME OWNER PROTECTION.** Raymond Willoughby. *Nation's Business*, August. With the saving of a half million homes as the goal, the Home Owners' Loan Act was passed by Congress. Discussion of effects on mortgagees and mortgagors.

**THE TRADE ASSOCIATION EMERGES.** Forrester, August. Facts and background regarding the 15,000 trade associations through which President Roosevelt is putting the NIRA into operation.

**THE NEW DEAL AT THE DRUG STORE COUNTER.** Herschel Deutsch. *Advertising & Selling*, Aug. 3. Battle-scarred retailers, confronted with many complex problems, mobilize to regulate prices, eradicate unfair practices.

**THE REAL ESTATE BOOM—AND AFTER.** Elmer R. Coburn. *Current History*, August. The rise and fall of realty prices traced and explained. Indications of what is ahead.

**PAINLESS DEBTISTRY.** William Trufant Foster. *North American Review*, August. "So suave are the uphemisms by which true rates (of credit) are concealed, that buyers not only have digested the idea that it is respectable to be constructively in debt, but are swallowing whole the carefully administered suggestion that it is crude to insist on knowing what this debt costs."

**DOMESTIC AND INTERNATIONAL STABILIZATION OF MONETARY STANDARDS.** H. H. Preston. *Trust Companies*, July. Where will currency debasement and "managed inflation" lead the United States?

### BOOKS

**LABOR RELATIONS UNDER THE RECOVERY ACT.** Ordway Tead and Henry C. Metcalf. Whittlesey House, 259 pp., \$2. Employers and executives will get their first inclusive and authoritative discussion of changed labor relations under the NRA in this timely book.

**METHODS AND PROCEDURE IN FEDERAL PURCHASING.** R. J. Monteith and A. S. Burack. Bruce Humphries, Boston, 349 pp., \$10. The government at Washington buys huge quantities of goods. This book tells who does the buying, lists the items, outlines the procedure.

**MELLON'S MILLIONS.** Harvey O'Connor. John Day, 443 pp., \$3. John Flynn shrewdly calls it the "amazing tale of the world's greatest money bag which ought to be read by every American who wants to know what is the matter with his country."

**A PRIMER OF "NEW DEAL" ECONOMICS.** J. George Frederick. Business Bourse, New York, 322 pp., \$2. Brief interpretation of the first 5 months of the Roosevelt administration.

**THE MOTION PICTURE INDUSTRY.** Howard T. Lewis. Van Nostrand, 454 pp., \$4. Full discussion of the business aspects of the motion picture industry. Pertinent during current financial reorganizations within the industry.

**THE EDUCATIONAL TALKING PICTURE.** Frederick L. Devereux. University of Chicago Press, 222 pp., \$2. The "talkie" as a medium of instruction: what has been accomplished; what is planned for the immediate future; ultimate possibilities. For the alert distributor and producer as well as the aggressive pedagogue.

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## EDISON MAZDA LAMPS

GENERAL  ELECTRIC

# Save the Home

**Home Owners' Loan Corp. is organizing its machinery. Appraisal is on basis of worth of property to owner and not market value. Farm mortgage refinancing machinery is getting under way.**

RAPID progress is being made toward getting the machinery moving to assist home and farm owners whose ownership is endangered by reason of mortgage pressure. President Roosevelt has appealed to building and loan associations, homestead associations, and savings banks to be lenient with defaulting home owners, to exchange their mortgages wherever possible for bonds of the Home Owners' Loan Corp. and to join the Home Loan Banks, thus enabling them to get loans for distressed home owners. Governor Lehman of New York has asked for a moratorium on amortization payments.

Of the \$21 billions of home owners' mortgages outstanding, it is estimated \$1 to \$2 billions will be refinanced under the Home Owners' Loan Corporation Act, and of the \$9 billions of farm mortgages, it is estimated \$2 billions will be refinanced. The state managers of the Home Owners' Loan Corp. have been appointed and local appraisers and attorneys will be appointed in each county. In populous counties, there will be assistants.

## Local Approval

Applications for refinancing home mortgages must be sent to state managers in each case, and will be referred to the local attorneys and appraisers. After being approved by the local agent, the application must be sent again to the state manager, and by him to the central office of the corporation for final action. The essential details of the Home Owners' Loan Corp. plan are:

(1) Principal method of refinancing: Exchange of bonds of the corporation for distress mortgages. (Interest of 4% on the bonds guaranteed by the government for the life of the bond.)

(2) The refinancing of mortgages through cash loans is permitted where the mortgage covers not more than 40% of the appraised value of the property. These mortgages will bear 6% interest. (A total capital of \$200 millions is given for this kind of refinancing.)

(3) The corporation may sell its bonds for cash and use cash for refinancing. (It is stated that this process probably will be used little if at all because of the possibility that it may interfere with the federal Treasury financing.)

The appraisal will not be of the technical market value of a piece of property, but will be an effort to arrive at

the value to the owner as a home. It will give equal weight to the present market value, the reproduction cost, less depreciation, and the value arrived at by capitalizing the reasonable rental value of the home over a period of years. It is thought that this will arrive at a fair worth of the property to the owner as contrasted with market values. The corporation is not concerned with who is the holder of the outstanding mortgage and will deal with all home owners alike whether their mortgages are held by insurance companies, mortgage banks, building and loan associations, or individuals. It is important, however, that the present mortgage holders should be willing to exchange their mortgages for the bonds of the corporation. The corporation also is moving rapidly toward the organization of federal savings associations wherever there is no adequate local building and loan society.

That the Administration is interested in encouraging wider home ownership was made evident when President Roosevelt attached to the Cotton Textile Industrial Code the order that "the planning committee of the industry will take up at once the question of employee purchase of homes in mill-villages, especially in the South, and will submit before Jan. 1, 1934, a plan looking

toward eventual employee home-ownership." On July 22, he signed an executive order authorizing \$25 millions for loans to subsistence homesteads.

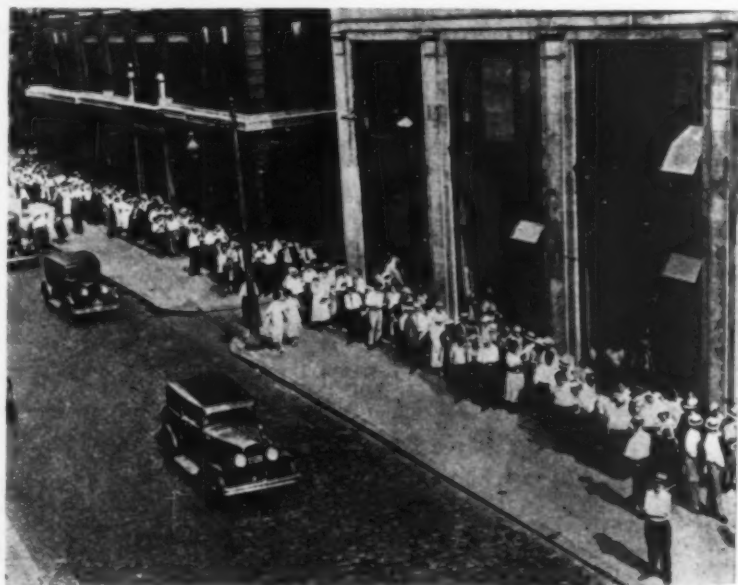
The Farm Credit Administration also is moving under the Farm Mortgage Act. No loan can exceed 50% of the appraised normal value of the land, and 20% of the appraised value of the permanent insured improvements thereon. Normal value, as determined by the Farm Credit Administration is estimated on the basis of commodity prices during the period of 1905 to 1914. Allowances will be made for changed economic position of some commodities as well as for the unusually high taxes or other costs.

As in the case of the home owners, it will be important that the holders of mortgages must be willing to exchange them for bonds. Interest on new loans by the Federal Land Banks has been announced at 5%.

## Closed Bank Paper

The Farm Credit Administrator has arranged to take over \$50 millions of mortgages held by closed Wisconsin banks and has selected Illinois, Iowa, and South Carolina as the next states in which closed banks will be helped by relieving them of the farm mortgages. It is planned to extend the scheme to other states and at least one state in each of the 12 Federal Land Bank districts will be under the plan by the first of next year. Mortgages are taken over at the Federal Credit Administration's own appraisal, the cash is raised by the sale of the Land Bank bonds to the R.F.C.

Production credit banks and cooperative credit banks, two new types of



**TO SAVE THEIR HOMES**—Some of the Philadelphians who lined up outside the federal Home Owners' Loan Corp. the day the office was opened.

banks to aid in the establishing of farm credit, will be set up in each Federal Land Bank district by the Farm Credit Administration. The first bank of the kind is to be in St. Louis. Production credit banks will have \$120 millions available for subscribing to stock of productive credit associations which will be organized among the farmers of the nation and modeled after the farm loan associations. The banks will supervise the associations and will not be lending institutions. Cooperative banks will make loans to regional farm cooperative movements.

## Mortgage Migraine

**New York operates on mortgage companies to remedy headache of guaranteed mortgage holders.**

GUARANTEE mortgage bonds, sans guarantee, continue to befuddle New York mortgage finance. Creditors have a headache, debtors are only mildly sympathetic.

Out of the \$8 billions of mortgages in New York City about \$3 billions are guaranteed by local companies and about \$700 millions mature this year. The guarantee extends to interest and principal at maturity but guarantors have been unable even to make good on interest, to say nothing of being able to refinance maturities and pay off bondholders. Property owners can't meet their obligations and guarantors can't meet it for them. The guarantee companies availed themselves of the 18-month grace period as long as they could, but the showdown has been in sight for some time.

The oncoming, cataclysm had been foreseen and efforts made to avert it. The ubiquitous R.F.C. with its bottomless money pit had worked out a loan plan to refinance maturing mortgages provided certain sacrifices were made by the bondholders. The bondholders did not prove sweetly reasonable.

Then the State Insurance Department forbade further payments pending investigation, the idea being that bondholders with more immediate maturities should not be permitted to exhaust the assets of the guarantee companies to the detriment of bondholders with later ones. Some 47 guarantee mortgage companies came under state supervision and since last March have been operating on a restricted basis.

The department has now had an opportunity to complete its diagnosis. Last week it announced the results: 27 healthy companies were released from restrictions; eight invalids will remain in the detention ward; the fate of the remaining companies is still in doubt. Of the 8 which were taken over by order of the Supreme Court, 4 will be

# "It helps me sell more"

—consensus of dealer testimony

- "Because of the calls which come from our 'Where to Buy It' listing, we cannot afford to be without it."

—A Raybestos Brake Lining dealer

- "It has not only been valuable in the selling of cars, but it has aided in bringing in service customers to our garage."

—A Buick Motor Car dealer

- "The returns from this listing have been very satisfactory . . . money expended has come back to me several times over."

—A Stromberg-Carlson Radio dealer

- "Our business has enjoyed a material benefit from the Trade Mark Service."

—A General Electric Refrigerator dealer

- "This service offers an ideal tie-in with the manufacturer's advertising."

—A Friendly Five Shoe dealer

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reorganized and 4 liquidated, or at least will be operated temporarily in the interest of the creditors. The latter may expect to receive benefits as available assets permit. The securities behind their claims will not be thrown ruthlessly on the market.

Reorganizations will entail the formation of new companies. For instance, The Bond and Mortgage Co. of New York (outstanding guaranteed mortgages, \$835 millions, with holders of \$44 millions demanding payment and \$7.6 millions interest in default) will be succeeded by the Bond and Mortgage Guarantee Corp. with capital, surplus, and reserves of \$3.2 millions. The new corporation will manage the properties, secure certificates and bonds, collect interest, proceed with foreclosures when

necessary, manage leases and sell properties, refinance mortgages, pay taxes, assessments, and other charges. The permissive contract, under which it will operate, may be terminated at any time by the Superintendent of Insurance.

The new corporation will also issue a new form of policy guaranteeing interest and taxes, but not the principal of its mortgages. Limitations are being placed on the size of mortgages so guaranteed and on the total amount of mortgages issued. Holders of defaulted mortgage participation certificates will be requested to deposit them with the New York Guarantee Mortgage Protection Corp. recently created by Governor Lehman under a 1933 amendment to the insurance laws to help holders of guaranteed certificates.

more than an acre) contrasts with 1 million feddans last year, so Egyptian acreage has almost doubled.

In the meantime, hearings are continuing before the Agricultural Adjustment Administration on whether compensatory taxes should be levied on products allegedly competing with cotton. Representatives of jute, flax, and wool are vociferously voicing their objections. Cotton textile spokesmen contend that the competing products manufactured from jute into twine include cheaper ducks, low-weight goods such as burlap bags, and "a great variety of others." It was agreed, however, that cotton was not now adaptable to use as a base for linoleum, and therefore burlap so used is to be exempted from the compensatory tax.

As to other crops, the situation is exceedingly bullish. This is going to be one of the short-crop years in major food and feed crops. Spring wheat prospects have declined steadily, and corn has begun to show the effects of heat and drought. Over a wide area corn has tasseled out on stalks about 4 feet high. Thousands of grain growers will have little to sell this year no matter how high the price goes. Thousands of poultry growers are hurt by the high price of feed. The advances in grain and feed have raised serious problems for Eastern dairymen and poultrymen. The anomalous situation of New York dairymen striking against a commission

## Cotton Joker

**Ideal growing conditions produce bumper cotton crop on reduced acreage, violent price drop. Wheat and other food crops are small, forecast bullish prices. Hogs are so abundant that Washington considers birth control.**

DAZED cotton speculators were unable to decide whether to weep or shout when the 1933 estimates on acreage and yield were made public. The area planted to cotton at 29.7 million acres contrasts with 37.2 millions in 1932, 41.2 millions in 1931, and 45 million acres in 1930. This shows that the Agricultural Adjustment Administration has been eminently successful in reducing acreage, though the reduction is not the full 30%.

However, enthusiasm has been considerably dampened by the estimate that production on this acreage will be 12.3 million bales contrasted with 12.7 millions in 1932, 16.6 millions in 1931, and 13.7 millions in 1930. In brief, a cut of 20% in acreage has resulted in only a 3% cut in crop. Verily the mountain labored and brought forth a mouse. Prices of cotton dropped 20 points in the first few moments of trading after the ticker announced the figures.

This astounding crop on the smaller acreage is due to an unusually large yield per acre, a consequence of excellent weather and growing conditions. The condition of the crop at 74.2% is higher than at any time since 1916—except in 1931 when it stood at 74.9. The average yield per acre, 198.4 lb., compares with 147.8 lb., the indicated condition on Aug. 1, last year, and 149.6 lb. on Aug. 1, 1931.

Of course, this will give the Adjustment Administration plenty to worry about. It does not necessarily spell disaster for the program, but it certainly

means that to maintain 10¢ cotton is not going to be so easy. Reports from Europe will add to the price complications. Egyptian planting at 1.8 million feddans (a feddan is a small fraction



"WHAT AM I BID?"—Auctioning some of the Georgia tobacco crop in the warehouse at Baxley. Government action has helped prices.

that has fixed prices almost twice as high as they have been, is explained in large measure by the sudden increase in feed prices. In general, farmers are approaching the harvest season with a more hopeful feeling than last year, but with less increase in their actual buying power than might be expected from the upswing in prices.

Therefore, an important item in the improvement of general farm conditions will be higher prices in livestock. But here again we face a difficult situation. Beef and hog prices have not kept pace with those on corn, wheat, feed, and other crop prices. Eventually, the depreciating value of the dollar in international exchange and the increase in the purchasing power of the consumer should be reflected more extensively in livestock prices. One factor that has seriously impaired hog prices has been the unusually large slaughter during the last 3 months—fully 30% greater than for the corresponding period last year. The Agriculture Department is toying with a scheme of putting a bonus on female hogs slaughtered, in order to check the reproductive propensities of the porkers.

## Valuable Dust

**New process turns a nuisance of the cement industry into profits.**

POTASH for fertilizers can be made economically as a by-product of portland cement manufacture. Estimates from work done on a plant scale by North American Cement Corp. at Hagerstown, Md., indicate for a 5,000-barrel capacity plant there may be \$75,000 a year of new by-product income thus made available. This would mean \$5 millions a year of new income and potash ( $K_2O$ ) equal to 15% of the nation's needs, if all plants that could employ the process should adopt it.

Cement clinker is invariably made from mixtures containing potash. From a third to a half of this component volatilizes in normal operation and contributes to the dust nuisance. With dust recovery by the new process, the coarse part is returned to the kiln and the fine contains the vaporized potash combined with sulphur from the fuel as potassium sulphate, which is the preferred fertilizer chemical. Incidentally, control of the dust makes for peace with the neighbors—and the public authorities.

Western Precipitation Co. has made this development possible with its Multiclone dust separator, a multiple cyclone, segregating coarse and fine dusts. A Cottrell precipitator is also used to retain the finest suspended material.

Numerous cement plants are considering the new equipment.

## Cord—Shipbuilder

**Transportation domain of Auburn manufacturer has now been extended to land, air, and water.**

NEW YORK SHIPBUILDING CORP. got contracts totaling \$38,454,000 for 2 light cruisers and 4 destroyers in the Navy's new building program. E. L. Cord, automobiles, motors, automotive accessories, airplanes and air transport, got control of New York Shipbuilding Corp. The two events were announced almost simultaneously—and were probably not unrelated. The newspapers recorded the first up front with the results of other bids for the 21 new fighting ships awarded to private yards, pushed the second back to the "financial section." The second is, of course, the more significant.

Said L. B. Manning, vice-president of Cord Corp. and new chairman of the executive committee of New York Shipbuilding, "This acquisition was made as an additional step in the direction of developing the company's manufacturing facilities for the building of various units of transportation." Said insiders who have been watching negotiations, "Cord is still on his way." His destination is a matter for speculation, possibly to be fixed by what an inflation can do for an anticipatory buyer-in of likely enterprises at likely prices. Germany remembers what it did for Stinnes.

American business watches with keen interest this invasion of the "heavy" industry field by an entrepreneur of "light" industry, for which Ford in steel offers almost the only notable parallel. Shipbuilding has hitherto flourished chiefly under the wing of the steel industry. Looking back over Cord's career in Auburn and Aviation Corp. and reviewing the fight that kept him in the pilot's seat on American Airways (*BW*—Nov 23, Dec 14, 28 '32), few expect Cord participation in shipbuilding to be limited to a financial interest.

New York Shipbuilding Corp. at Camden, N. J., one of the oldest in its industry, carries on the shipbuilding activities of the American Brown Boveri Electrical Corp., taking its present name when American Brown Boveri sold its electrical business to Allis-Chalmers in 1931. It had the same name prior to 1926 and succeeded a company formed in 1889. Cord's control was obtained by purchases of 2 blocks of founders' shares, one from owners formerly identified with Blair & Co., backers of American Brown Boveri, the other from Chase Bank which had taken it over with other collateral posted by Pynchon & Co., prior to the failure of that investment firm. Reported price was about \$20 a share for 96,000 out of a total of 185,000 shares in which exclusive voting power is invested.



## BETTER SILK FOR DRESSES STRONGER STEEL FOR BARS



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# Business Abroad

**Make-work programs reduce number of jobless in most countries. British industries get contracts from abroad. French treasury issue oversubscribed. Hitler recovery program more successful than expected. Soviets offer to bargain over price for Chinese Eastern Railroad.**

## Europe

EUROPEAN NEWS BUREAU (Cable)—There were few high lights in European business news this week. In general, slow improvement is registered in most lines, with unemployment declining seasonally or because of special make-work programs. Stock markets were not very active, but prices remained firm. Commodities recovered some of their recent losses. All eyes are on the Roosevelt program. If NRA succeeds in the next 6 weeks in accomplishing even a half of what has been promised, Europe will be ready to join the procession by early fall.

Britain and Germany, showed outstanding industrial gains, though news from Germany is not easily interpreted. Anti-Hitler propaganda is so well financed that it is popping up in places long considered reliable sources of German information. On the other hand, domestic propagandists are also going to extremes.

Efforts in most countries in the next few weeks will be concentrated on vast employment programs, on new plans to protect domestic industry and encourage reciprocal bargains abroad, on the tightening of political alliances. Attention still centers in the gold bloc and the efforts of certain business groups in each of the 5 member countries to encourage inflation. Britain is closely watched for the first signs that the country is definitely going to follow the Roosevelt program.

## Great Britain

**British firms get orders from abroad. Rail returns improve. First cooperative effort made to buy control of motor lines.**

LONDON (Cable)—A long heat wave, coming at the holiday season, has proved a boon to British railroads, resort hotels, and concessionaires. Crowds thronged down to the Channel resorts, and vacationists turned to the Scottish lakes for a cool rest.

Railways, as a result, report record business for recent weeks. Banks registered the business gain when currency in circulation jumped nearly £10 millions, compared with only £8 millions in the corresponding period last year.

Executives were cheered. To them it was an indication that the public will start spending as soon as income increases or seems more secure.

More news of the week concerned the railroads. Two of the largest and most important of the motor transport companies in the United Kingdom are Carter, Paterson & Co. (who control the London Parcels Delivery Co.) and Pickfords, Ltd. It became known during the week that the British railways are going to make a united effort to buy control of these 2 great motor transport companies as a part of the ultimate scheme to bring all transport under a single control. At the same time, the Great Western Railway announced that it was adding 330 trucks to its road fleet, including a number of Whippets for speedy transport of perishables.

There are other evidences of new activity. One of the great razor blade manufacturers of Germany has just leased property in Glasgow for a factory in which blades for the British

Empire will be produced. With the exception of a few technicians who will come from Germany to instruct new workers, all of the labor will be employed locally.

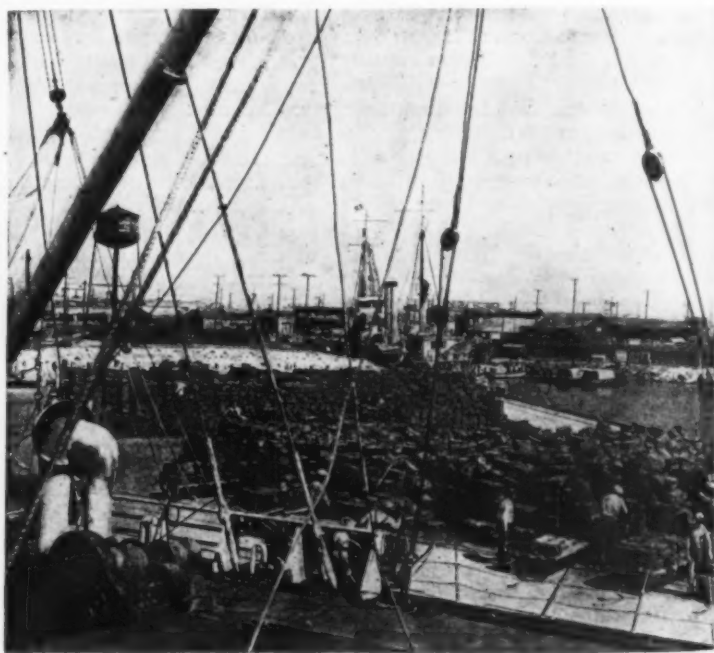
Glasgow expects another German industry. Duncan, Stewart & Co. have completed a working agreement with the Demag Aktiengesellschaft, of Duisburg, for the sale of their products in the British Empire and for the manufacturing rights on certain of the products which can no longer compete in Britain under the new heavy duties.

## Large Polish Order

Metropolitan-Vickers have booked \$10 millions of business with the Polish government. Poland is carrying out an extensive electrification project on the state railways which will continue for another 4 years. It is understood in London that Metropolitan-Vickers was instrumental in securing a railroad electrification loan for the Warsaw government on the condition that necessary equipment which could not be produced in Poland would be purchased in Britain. Several locomotives are included in the order.

British ship builders profit from other business recently placed. The Portuguese government has placed orders for 9 vessels for the navy with British shipbuilders.

Despite the opposition of British politicians to any large-scale public works program for this winter, the plan for slum clearance is getting whole-



**SCRAP IRON TO JAPAN**—Even in normal times Japan hasn't enough iron ore to meet domestic demand. The new navy building program and replenishment of munitions supplies demand huge imports of scrap iron for domestic smelters. Here is the *Venice Maru* at Long Beach, Calif., ready to take on 6,000 tons of American scrap, rush it to Japanese steel mills.



hearted backing in England and promises to be more of a project than was at first anticipated. The government housing committee is now recommending that entire slum areas be bought from owners at their tax valuation and cleared for new, inexpensive, modern housing. The committee points out that since 1911, the supply of good low-rent houses has increased only 13%, while the supply of costlier houses, built largely with the aid of building societies, has increased 60%. "Slum clearance" has made a tremendous appeal to the British and the public may push the country into a much vaster program this winter than most persons expect.

## France

**Treasury issue oversubscribed. Herriot courts Moscow favors. American imports not yet cleared.**

PARIS (Wireless)—A deliberate and skeptical investing public has taken more than a month to subscribe to the 10-year, treasury bond offering. The Finance Ministry has declared that more than 3 billion francs were subscribed. Moreover it has drawn out a lot of hoarded capital, which has become a menace to the French who are struggling to maintain the gold standard. The problem is not altogether unlike the situation which existed in the United States in the months just before the country left the gold standard. The one important difference is that the world now is generally more hopeful.

The stock exchange has been phlegmatic all week, but remarkably resistant to price deterioration. June coal production is above the total for a year ago. The number of miners at work, however, declined 4%.

There was a new sign of France's aggressive plan to win Soviet friendship this week. M. Herriot has started for Russia, just when French newspapers are filled with polite reports on the visit to France of M. Trotsky, long barred from the country as an undesirable. French policy is no mystery. There is distinct dread of Hitler Germany. If a genuine friendship can be built up with Moscow, it will strengthen the barricade around Germany. Not even the resentment of the large body of Frenchmen who held pre-war Russian bonds and who lost so heavily when the Soviets repudiated all these old debts is deterring the present government from its plan for Soviet rapprochement.

American importers in Paris are momentarily cheered up by the rumor that the Minister of Commerce is going to abrogate the drastic July tariffs. They are probably celebrating too soon, for informed circles think that only a few special products will be exempted.

## Germany

**Recovery program gets under way; 2 million back at work. Foreign branch plants have equal chance for recovery orders. Graf Zeppelin will schedule more trips to South America.**

BERLIN (Cable)—More signs showed up during the week to prove the Chancellor's recovery program is taking hold. Carloadings are better; iron and coal production is up; the number of unemployed is smaller. Even retailers began to feel the impetus of improved buying which followed the increase in the number of workers with revived buying power.

Concentrated efforts within the last few weeks on the government's recovery program has brought the number of reemployed up to 2 millions. This, according to government spokesmen, ends the first stage of the recovery scheme. During the fall and winter all efforts will be devoted to the consolidation of these first gains and on efforts to prevent the usual winter slump. Then, in the spring, a new effort will be made to absorb further millions of workers. The frankness of the government in admitting its inability to meet the whole problem at once, and the efficiency with which the first part of the project has been put into effect has won the government wider support.

Foreign branch factories in Germany which had feared they might suffer discrimination when orders were placed for the vast public works program were reassured this week. Berlin officials have decreed that no orders are to be withheld from a factory simply because it is a branch of a foreign company.

### Boycott Is Felt

Germans are feeling the pinch of the boycott, are fully aware that numerous orders which ordinarily would come to them are going to competitors in Japan, Czechoslovakia, France. The general realization that there will be considerable loss of business for some time has caused certain industries to bring not a little pressure on the government for new or additional tariff protection for home industry to compensate for this loss. The paper industry particularly received tariff concessions during the week to make up for lost markets abroad.

More interesting than significant is the jump in exports of beer to the United States last month. Germans hope this demand from America will expand still further.

There were announcements in both Berlin and Rio de Janeiro this week that the Graf Zeppelin would double the number of scheduled crossings of the South Atlantic beginning Aug. 7. This creates a regular fortnightly air-

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## Latin America

**Business temporarily upset by Cuban revolt. General strike worries Havana. Washington reluctant to intervene.**

CUBA is in revolt. Following the first assault on the crowd which swarmed toward the Presidential palace on the false announcement that there would be a change of régime, there has been little bloodshed but increasing tensivity. Labor in and around Havana has united in a rather effective general strike. Hotels are working with depleted staffs. Telegraph operators have walked out. Trolley lines in the capital as well as the railroads running into Havana are not operating on schedule.

The crisis follows several months of very carefully planned negotiations between the administration, headed by President Machado, and the Opposition. The American Ambassador has attempted to bring an orderly settlement of the whole problem by bringing all parties together to negotiate. There were signs that he was making progress when the outbreak came. Only possible peaceful solution now seems to be the withdrawal of President Machado, possibly on "leave of absence" granted by his government.

American intervention under the Platt amendment provisions is not expected. The United States has already brought diplomatic pressure on the Cubans because it was believed in Washington that no effective solution of Cuba's economic problems could be accomplished until political tension in the island had been eased. Beyond this diplomatic pressure, Washington is reluctant to go.

Washington wants to develop better relations with Latin America, work out as soon as possible new reciprocal trade agreements. Withdrawal of the marines from Haiti, refusal now to intervene in Cuba, initiative in starting trade negotiations with Argentina, Brazil and Colombia—these are the most recent indications of Washington's new attitude.

## Far East

**Soviets break deadlock in negotiations with Japanese for sale of the Chinese Eastern Railway. Manchukuo will have a navy. Chinese market possibilities.**

SOVIET-JAPANESE negotiations over the disposition of the Chinese Eastern Railroad which the Soviets are offering

to sell to Manchukuo for 200 million gold rubles and which Manchukuo has offered to buy for 50 million paper yen made hopeful progress this week. Moscow cut its selling price by 50 million rubles and both sides agreed to discuss the problem of exchange. The gold ruble was nominally worth about 2 cents more than the gold yen, but the Soviets agreed to accept 32.5 yen per 100 rubles in settlement of the leases of fisheries to the Japanese. If they will accept this same exchange rate in the railroad negotiations, the 2 countries may come to an agreement.

Russia, China, and the United States probably paid most attention to the report that the first unit of the Manchukuan "navy" had been launched in Japan, a 200-ton coast guard cutter, the first of 4 vessels for coast defense. Only Japan has recognized Manchukuo as a separate state. Its navy may become an important supplement to the Japanese naval fleet.

## Sugar Code Kettle

**American refiners at home and abroad hook their battle to the sugar code. Washington is likely to intervene; quotas and tariffs enter the battle.**

If the newest revolt in Havana should prove to be a decisive one in that country's recent turbulent history, business would shift its eye on Cuba from sugar to politics. Until then, sugar will continue to hold major interest.

Sugar is in the news this week in connection with the NRA. New Yorkers, Bostonians, and commuters in half a dozen other metropolitan centers in the South and East opened their newspapers this week to find a 2-column advertisement addressed "To the Home Makers of America," and signed by 13 of the largest sugar refiners in the United States.

What they were pointing out to American home makers was that the recent tariff regulations on sugar had, at least one serious loophole: they do not keep out refined sugar; incoming volume has jumped from about 17,000 tons in 1925 to almost 600,000 tons in 1932, more than two-thirds of which comes from Cuba. They make their marketing code with the stipulation that they be protected from "destructive competition" outside the United States.

Refiners who protested in paid space include The American Sugar Refining Co., with refining plants at Boston, Brooklyn, Baltimore, and New Orleans; The National Sugar Refining Co., of New Jersey, with refineries at Brooklyn, Yonkers, and Edgewater (N. J.); Arbuckle Bros.; California & Hawaiian

China continues to be an intriguing market for foreigners. An order has recently been placed with a British ship-building company for the construction of 6 new vessels for the China Merchants Steam Navigation Co. Rail equipment orders are expected to follow the announcement from Canton that the Canton-Swallow railway will be completed in a 5-year building program. Cost of this line is estimated at \$40 millions. Producers of airplanes and highway construction equipment expect orders to be placed soon following the success of the new national lottery. Nanking officials say that this lottery will be repeated each quarter. The funds this time will aid air line development. Other public works will benefit from later lotteries.

American trade representatives in Shanghai call attention to the fact that there is considerable expansion of telephone systems in China, with bulk installations in the new territories served

Sugar Refining Corp., Ltd.; Savannah Sugar Refining Corp.; Western Sugar Refinery, and others. Basis of their appeal was that their plant capacity, built up to serve a war need, was not being utilized now, though imports of sugar refined in Cuba, Puerto Rico, and the Philippines are steadily increasing. In 1930, these American refineries supplied about 75% of the domestic demands for refined sugar. Last year, they supplied only a little more than 65%. With the exception of the Louisiana cane, which they refine and which constitutes only a very small proportion of the raw cane used in their refineries, the source of raw supplies is the insular possessions of the United States, and Cuba.

The opposition isn't afraid to speak. Domestic producers, especially the beet interests, have little sympathy with the protest, have their own quota battle to fight. So do American companies—notably the large Hershey Sugar Refinery interests who operate their refineries in Cuba, source of supply of raw material—who have built their plants abroad, American investors who have put their money into plants outside the United States, and the large export fraternity who have watched the Cuba market dwindle from a \$200-million market to a bare \$20-million market as the tariff mounted on sugar, backbone of Cuba's economic life. They contend

that refining has become so much a mechanical process that employment is not a great factor. With the exception of Cuba, all of the other main sources of supply are United States possessions, and Cuba is something of an American protégé under a definite agreement stated in the Platt amendment. Refiners in the United States, they claim, point to increasing refined imports but refuse to acknowledge that their losses in foreign markets are much greater. Most of all, they claim it is utterly unjust to jeopardize the sugar code under the NRA by stipulating that settlement of this cantankerous problem of long standing be tied to their acceptance of a code.

Washington is faced with a knotty problem. Domestic industry is being given every encouragement under the NRA. Whatever the intentions of the Administration, the appeal for support of the present program is reaching the public in a strongly nationalistic form, much to the despair of the foreign traders who realize what volume of industry is supported by export trade. But Washington has also made some gestures to Latin American countries which indicate a sincere interest in reciprocal trade agreements. If the United States is going to demand more business from Brazil, for instance, because of the volume of coffee bought there, it won't go so well in the negotiations if Cuba is hamstrung in the one industry which is essential to its economic welfare.

Authorities look for a stormy hearing when the sugar code is aired in Washington. Then they expect that Dr. John Lee Coulter, the President's sugar coordinator, will write the code which the whole industry will be told to sign. This code, when it appears, may represent more than a sugar code: it may indicate what Washington is going to do in the way of making concessions for Latin American trade.

## Station Newsreel

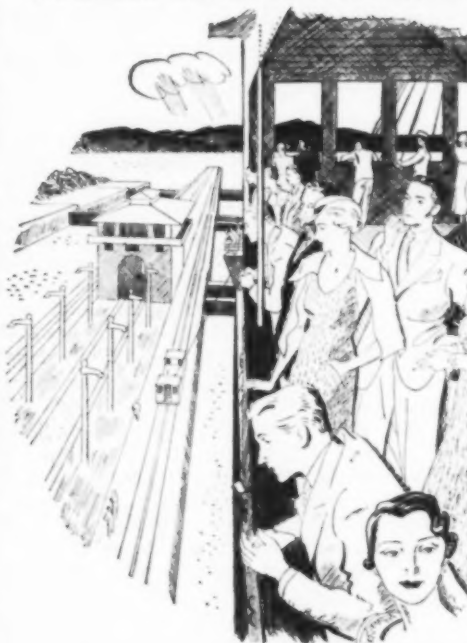
**English commuters are bored, too, after missing the 2:15.**

LONDON—British cities have their newsreel theaters not unlike those in American cities.

It was not until quite recently that someone thought of locating one of these newsreels in a railroad station to catch the commuting crowd which has just missed the 2:15 or the 7:10.

Victoria station, of the Southern Railway, in London is going to be used for the experiment. The first theater will have accommodations for 300, will offer newsreels almost exclusively, will charge from 6 pence to 1 shilling admission. An illuminated clock and a train arrival-and-departure board will remind passengers when they should leave.

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# The Figures of the Week

**Index moves sidewise leaning heavily on automobile production. Construction awards are a drag on total activity, must be stepped up to offset the expected seasonal decline of motor car assemblies.**

THE face-lifting operation now being performed on industry is in the plaster stage. The index of general activity continues to move sidewise with a slight trend downward and now stands at 69.2, fractionally lower than last week's index at 69.9. A glance at the charts will show that the index this year does not register nearly so steep a drop as during corresponding months in the last 4 years. When Andy tells Amos "Dat was a terrible repression we had las' year," he has backing for the statement by the fact that the index now stands 25% higher than on the corresponding date of 1932. Pessimists might point out that it is 60% below the corresponding period in 1929 when the index stood at 114.4.

Steel operations continue at 55% of capacity with demand mounting and production being checked by labor troubles in the Connellsville region, resulting in soaring prices for fuel with a possibility of a shortage. Furnace coke

has risen from \$2.50 a ton to \$2.75, and some sellers are asking \$4. Coking coal is no longer available at any price and slack coal has been sold at \$1.25 a ton at western Pennsylvania mines. Ingot output has declined to about 60% of capacity and lighting of additional blast furnaces has been postponed. Other regions have begun to feel the fuel shortage, although the recent rates have been maintained in some centers, and the Chicago district averages 53% as compared with 52% last week. The *Iron Age* reports that the national average of steel ingot output is still 57%, the same as a week ago.

The report of unfilled orders of the United States Steel Corp. as of July 31 was expected to show only a moderate change from the orders reported a month ago. Shipments in July increased substantially over those of June, partly because of larger specifications from customers. However, there were some signs of a summer letdown in orders

coming, although probably to a lesser extent than in the last few years. Only once in the last 6 years has the unfilled tonnage of the Steel Corp. shown an increase in July, and that was in July 1930, when a gain of 54,000 tons was reported. In June this year there was a gain of 177,000 tons and that brought the unfilled tonnage on the books of the corporation to the highest level since May 31, 1932.

## Automobile Output

Pressure for steel deliveries continues to come from automobile quarters, though the volume of these orders is diminishing somewhat. Automobile production for the week aggregated 57,000 units against 64,400 units in the previous week, according to *Cram's Automotive Reports*. This compares with 22,500 units during the corresponding week last year. July sales of General Motor cars to dealers in this country and Canada, together with shipments overseas, totaled 107,000 units, slightly lower than in June when they were 113,700 units, and contrasting with 36,900 units in July last year. There has been a drop in output for the week: in Chevrolets, 1,000 units; in Fords, 1,800 units; in Plymouths, 600 units. Assemblies for July, which last week were estimated at 240,000 units, are now estimated at 245,000 units, about 6% below June, but 190% above

## THE BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY

### PRODUCTION

	Latest Week	Preceding Week	Year Ago	Five-Year Average (1928-1932)
Steel Ingot Operation (% of capacity)	55	55	14	54
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	\$3,449	\$3,456	\$5,326	\$16,748
Bituminous Coal (daily average, 1,000 tons)	*1,258	†1,203	773	1,280
Electric Power (millions K. W. H.)	1,650	1,662	1,427	1,604

### TRADE

	Latest Week	Preceding Week	Year Ago	Five-Year Average (1928-1932)
Total Carloadings (daily average, 1,000 cars)	106	108	85	144
Miscellaneous and L. C. L. Carloadings (daily average, 1,000 cars)	67	68	57	93
Check Payments (outside N. Y. City, millions)	\$3,208	\$3,274	\$3,095	\$4,746
Money in Circulation (daily average, millions)	\$5,629	\$5,619	\$5,738	\$4,900

### PRICES (Average for the Week)

	Latest Week	Preceding Week	Year Ago	Five-Year Average (1928-1932)
Wheat (No. 2, hard winter, Kansas City, bu.)	\$.92	\$.90	\$.46	\$.82
Cotton (middling, New York, lb.)	\$1.00	\$1.05	\$0.66	\$1.13
Iron and Steel (STEEL, composite, ton)	\$30.02	\$30.02	\$29.46	\$33.02
Copper (electrolytic, f.o.b. refinery, lb.)	\$.088	\$.088	\$.052	\$.111
All Commodities (Fisher's Index, 1926 = 100)	70.6	69.6	61.1	82.4

### FINANCE

	Latest Week	Preceding Week	Year Ago	Five-Year Average (1928-1932)
Total Federal Reserve Credit Outstanding (daily average, millions)	\$2,212	\$2,204	\$2,395	\$1,437
Total Loans and investments, Federal Reserve reporting member banks (millions)	\$16,557	\$16,662		
Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,774	\$4,772		
Security Loans, Federal Reserve reporting member banks (millions)	\$3,772	\$3,789		
Brokers' Loans, New York Federal Reserve reporting member banks (millions)	\$876	\$894	\$332	\$3,025
Stock Prices (average 100 stocks, Herald Tribune)	\$99.57	\$99.37	\$84.54	\$143.34
Bond Prices (Dow, Jones, average 40 bonds)	\$87.99	\$88.13	\$76.77	\$91.12
Interest Rates—Call Loans (daily average, renewal) N. Y. Stock Exchange	1%	1%	2%	4.4%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1½%	1½%	2½-2½%	3.8%
Business Failures (Dun and Bradstreet, number)	352	336	670	489

\*Preliminary    †Revised

# BUSINESS INDICATOR



## The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For details of statistical methods, write the editor.



July, 1932. Motor car output for August promises to exceed 200,000 units.

It must be confessed that if it were not for automobile production the general industrial picture would not appear as rosy as the index would lead us to believe. An important item in the index, construction, is still in a malarial condition. The daily average of building contracts awarded during July is \$3,308,000, 16.5% less than in June and 35.8% less than in the corresponding period last year. Bad as these figures are, they conceal a still more unfavorable condition that has obtained during the last half month of July. For example, during the last 7 days of July the daily average of construction awards was only \$2,616,000 as against \$3,588,000 during the first 12 business days. However, declines under a year ago were smaller than in the earlier months of the year.

### Public Works Lag

Public works construction still plays no important part in any of these figures; in fact, it has been declining more rapidly than general construction. During the last 7 days, public works and utility awards averaged only \$509,000 as against \$881,000 during the first 12 days, and \$758,000 for the whole month. Unless construction begins to compensate for the slackening in demand from the automobile industry, industrial activity, as related to the heavy industries, may show considerable decline.

Reports from Washington indicate that government officials are diligently pressing the public works program, but it appears obvious that there is immediate need to bring available projects out of the blueprint into the construc-

tion stage. Many localities have such self-liquidating projects under discussion. In New York, for example, Commissioner Howard S. Cullman has been patiently and persistently placing before the Public Works Administration the advantages of the midtown tunnel which will ultimately cost \$75 millions, would be self-liquidating, and would immediately employ thousands of men.

Bituminous coal production at a daily average of 1,258,000 tons for the week is 55,000 tons higher than last week, and shows a gain that is much more than seasonal. This figure is especially surprising in face of recent labor troubles.

Electric power production, a sensitive index of factory activity, shows a slight recession this week. Production totaled 1,650 million kw.-hr. as compared with 1,661 million the preceding week. Placed against last year's figures, electric power output shows up 15.6% higher. The current recession is the consequence of the application of certain processing taxes and industrial codes, whereby some factories, notably Southern textile mills, have curtailed production. These declines were partially offset by an unexpected broadening in demand to more profitable classifications of electric consumers. For the week ended July 29, 8 out of 19 utility systems reported the highest gains in output since the advance began in May, while 12 bettered their showing of the previous week.

### Some Power Gains

A notable feature of the figures is the pickup by properties which have been lagging in comparison with others during the last few months. Against the general weekly increase of 13% to 16% for the last 5 weeks, Consolidated

Gas of New York had shown an increase of less than 7%, but last week stepped up to 8.3%. Associated Gas & Electric stepped up from 16% to 18%. Detroit Edison shows a 32% increase. Complete figures for the month of June indicate that electric power output was 6.7 billion kw.-hr. during the month, an increase of 10.1% over June, 1932. For the 12 months ending June 30 the total output was 75.7 billion kw.-hr. against 81.6 billion during the preceding 12 months, a decline of 7.2%. The number of customers served by the electric companies totals about 23.9 million in 1933 as against 24.3 million in 1932.

### Carloadings Off

The poor grain crops are beginning to show up in carloadings which have now declined to a daily average of 106,000 tons against 108,000 tons the preceding week. This decline is contra-seasonal.

One of the more important consequences of the recent drop in prices of stocks is the sharp decline in bank debits reported this week. Bank debits for New York City have dropped from \$4,377,000 to \$3,457,000 or 21%. In the remaining 140 cities reporting to the Federal Reserve Board the drop has been only 2%, indicating the large dependence of New York on security collateral, and the extent to which other cities have become independent of such collateral. Because of the dominance of the New York banking system the drop in debits for the country is 12.9%.

The increase in Fisher's index of wholesale commodity prices to 70.6 contrasted with 69.6 last week conceals a mixed movement. Wheat prices have advanced 2¢, but cotton has declined and other commodities are indefinite.

# The Financial Markets

**Tear gas and suspicions of utility baiting make Wall Street weep. Silken earnings statements dry its tears. Inflation talk veers to discussion of discriminate price advances. Stocks move up; bonds are steady.**

## Money

AFTER Wall Street had finished blowing its nose and wiping tear gas out of its eyes (page 11) it settled down to listen to conflicting stories of inflation coming from Washington, and then began to digest the Pyrrhic victory of the Agricultural Adjustment Administration in its cotton reduction program. The cut in cotton area is 10.3 million acres which, together with abandonment, would make 11 million acres less than the 40.9 million planted. But production on the areas remaining for harvest will be 1 million bales greater than the trade had looked for. Cotton futures broke between \$2.40 to \$2.65 a bale. Other commodities remained reasonably steady. Wheat declined about  $\frac{1}{8}$ ¢ and then rallied and closed unchanged at 98 $\frac{1}{8}$ ¢ for September delivery.

The cotton situation presented another tangle to the already befuddled Wall Street mind when somebody dug up a law passed in 1875 which says that any person trying to collect money from the United States government must first pay his debts to Uncle Sam. This would mean that, instead of getting \$200 millions benefit payment for cotton which would increase purchasing power and fatten corporation dividends, farmers

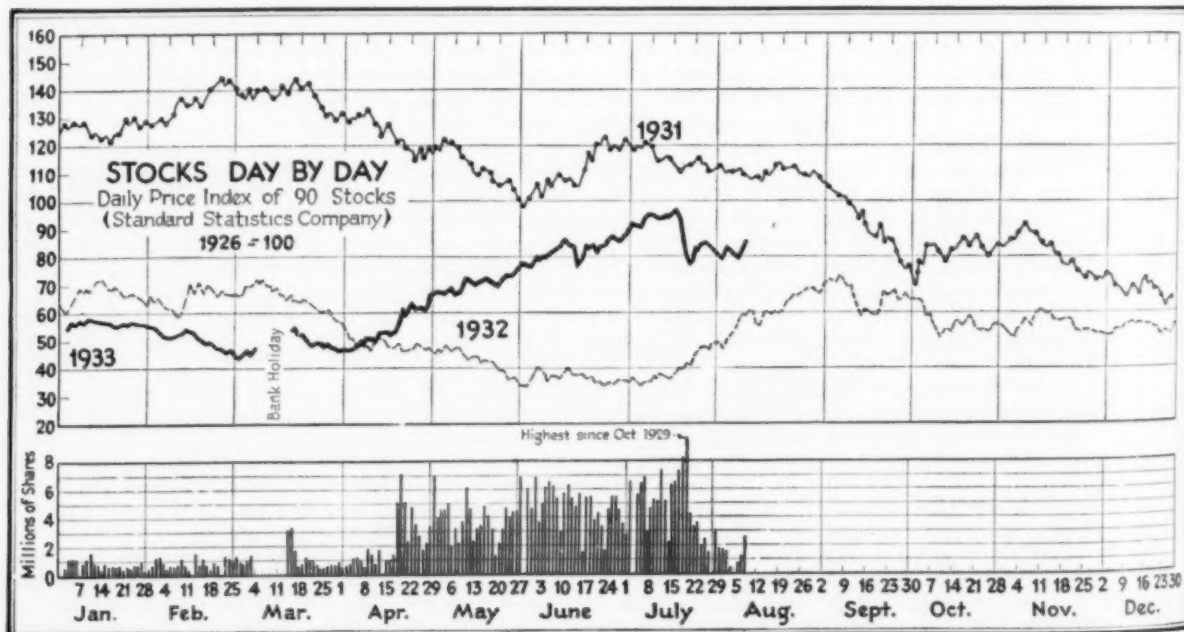
would be presented with various governmental I.O.U.'s given by them to the government when they received crop and seed loans, or payable if they are back on interest and amortization payments on mortgages held by land banks. The Brain Trust has assembled hastily to straighten out the tangle.

Interspersed with rumors of a decision on the question of whether to inflate or not to inflate come sober reports from Washington that the price level of wholesale commodities is not to be treated in a grand and general way, but distinctions are to be made between commodities. Some commodities, it is reported, have already gone far higher than the proposed new price level warrants, and are therefore due for a decline. Others are not to be raised any further. In brief, indiscriminate price advances are now to give way to a selective process of price adjustments. Economic advisers to the Administration point out that, with the radically lowered overhead costs which should follow from increasing output under the industrial recovery program, there are many products whose prices should drop considerably. Wall Street stares with some consternation at the items at which I. Lubin, the new commissioner of labor statistics, points his finger. Electricity,

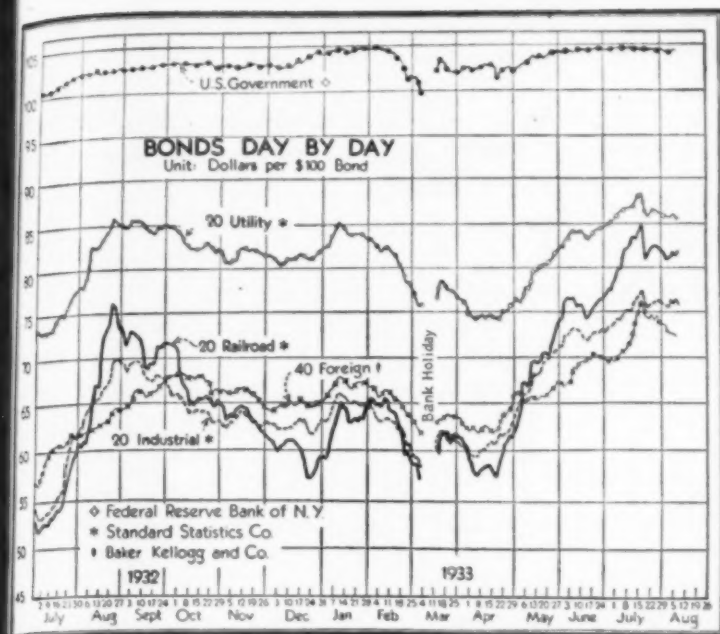
gas, and anthracite prices show an actual increase over 1929, metal and metal products have declined less than any other group, and the largest decline is in farm products, which in February were 60% below June, 1929, and in June this year, were 48% under 4 years ago. It is expected that the implications of these figures will bring considerable adjustment in Wall Street thinking.

The fact that this singling out of prices on utility "products" comes simultaneously with a \$400,000 appropriation to the Federal Power Commission to carry forward a comprehensive survey for the development of water power and the transmission of electricity makes it look like a considered dig at utilities.

Wall Street is wondering whether the Treasury put over a fast one on the Street in its \$500-million bond issue which was so successfully floated during the first week in August. The \$500 millions Treasury notes, which were floated simultaneously with the \$500-million 8-year bond issue, had a tax-exemption clause couched in the same general and all-embracing terms used in other recent offerings of the same kind. The exemption clause in the \$500-million issue started off the same as in the Treasury notes but ended up with 2 "exceptions": (1) state and inheritance taxes; (2) graduated additional income taxes—commonly known as surtaxes, and excess profits taxes, or war profit taxes—now or hereafter imposed by the government. Wall Street is pained and surprised now that it has awakened to the import of these additional provisions. "We are not permitted to assume that there was a studied purpose to withhold knowledge







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on the point," says an important Wall Street paper, but bankers and brokers believe that the Treasury should have underlined the new provision.

The total subscription to the bonds aggregated \$3,200 millions; to the Treasury notes, \$1,500 millions.

The weekly statements from banking sources remain colorless. Federal Reserve banks continue to buy United States government obligations at the rate of about \$10 millions a week. There has been a sharp drop of \$104 millions in loans and investments of the weekly reporting member banks in 90 leading cities, and debits to individual accounts have dropped 12% from the total reported for the preceding week. Bank figures show that credit is not expanding to meet business requirements, and from that standpoint justify the anxiety of the Administration in urging banks to ease loans.

## Stocks

THE unfavorable news with which Wall Street was bombarded during the week from cotton and utility quarters was well offset by a continued batch of favorable information, especially from the excellent earnings statements. A.T.&T. came along with June net earnings of \$1.5 millions compared with \$43,000 in the same month last year. General Motors reports 87,000 units sold in July compared with 33,000 units in July last year. American Super Power Co., an investment trust, lists securities with a market value of \$60 millions against \$23.5 millions for the same securities on Jan. 17. The net income of the steel companies, including the

United States Steel Corp., is now estimated at an annual rate of \$140 millions—assuming that production continues at the present level.

So, on the whole, Wall Street has much more good news to look forward to and the stock market is correspondingly cheerful. During the week trading was reduced in volume.

## Bonds

THE bond market showed relatively much more activity than the stock market and, in general, remained firm. Government bonds were soft, because of continued talk of the possibility of refunding callable Liberty Loans. Utility bonds were depressed in consequence of persistent attacks. The question of utility rates has become the focus of public attention and the proposal to put the utilities under a blanket code will not help immediate earnings. The foreign bond list was off on the whole, though the decline was irregular. Cuban bonds were weak and affected adversely all Latin-American issues with the possible exception of Panama 5's which remained firm.

Railroad bonds showed remarkable firmness, especially high-grade bonds. Medium and second-grade railroads lost considerably. Chicago, Milwaukee, St. Paul & Pacific 5's of 1975 declined from 53 to 51. New York Central 4 1/2's went from 71 to 69. The lowest rate speculative railroad issues lost even more than that. Quotations in the industrial bond list moved narrowly and tended upward. High-grade steel issues were firm and there was little activity in oil and rubber bonds.

# BUSINESS WEEK

The Journal of Business News and Interpretation

AUGUST 12, 1933

## Labor and Recovery

ACCORDING to one report, application of the National Industrial Recovery Act, supplemented by efforts of the state government, resulted in adding 120,000 persons to payrolls in Pennsylvania. Suddenly the coal strike threw 100,000 men into idleness; wiped out most of the gains so hardly won.

It does not matter whether these statistics are strictly accurate. If they are the roughest sort of approximation, they illustrate dramatically the danger that confronted the Industrial Recovery plan from the outset. It was apparent from the beginning that outbreak of warfare between employer and employees could wreck the whole brave effort; it was apparent, too, that such warfare was no remote possibility.

Too many ghosts haunt the memories of employers and workers alike. Some of them are old ghosts, spirits of bitterness that never have died since ancient battles. There are newer spectres, born of scattered cruelties and exploitations during the depression.

Then there is tradition working strongly against peace. The history of recovery from depressions always has been marked by industrial conflict. Strikes do not occur when plants are running part-time at low wages. They are launched when the workers see business coming in, know earnings must be improving, and demand a share. The blazing lights from the windows of mills running overtime are traditionally the signal flares for battle.

It is history, also, that labor usually has had to fight for what it got. Labor was a commodity, to be purchased like any raw material, as cheaply as possible. Wages were set by trial of strength. It was taken for granted that there was an inevitable conflict of interest between capital and labor.

The fundamental philosophy behind the Recovery plan, of course, upsets all this. Govern-

ment itself undertakes to secure for labor a larger share of the money product of industry. It undertakes to secure better wages and shorter hours, and to promote the principle of collective bargaining. Going even deeper, it denies that labor is a commodity, or that it is to the economic advantage of industry, or the nation, to buy it as cheaply as possible. It sets up the thesis that economic health lies in directly the opposite course, of paying labor as much as possible.

In a word, the government is fighting for objectives toward which the workman always has struggled. Supposing the NRA to be effective, it can do more for labor in a few months than years of old-fashioned struggle could gain.

But habits die hard. Men are suspicious. They do not overnight change their ways of thought, or forget their old grudges, or willingly overlook a chance to deal a shrewd thrust at an ancient enemy. Specifically, the unions are not immediately going to abandon their efforts to build up their power and prestige; employers who have successfully fought for years against closed shops are not going to surrender their position off-hand. The coal strike might easily have been the spark to start a conflagration.

Vastly heartening, for all these reasons, is the setting up of a national tribunal for the settlement of labor disputes. Suggested by the strong Advisory Boards, the President adopted the idea quickly.

There will be plenty of work for the new tribunal. There is almost endless opportunity for disputed interpretation of the codes. Nor does the fixing of minimum wages and maximum hours solve all labor's problems, or meet all its demands. But the set-up of the plan, the public response to the idea, and above all the personnel named to the conciliation board, give strong promise of successful results.

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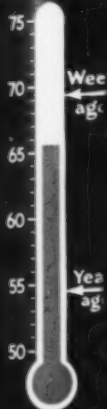
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